

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
February 15, 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.

Testimony was heard on HB 594, HB 624, HB 631 and HB 645 during this meeting. Executive action was taken on HB 624, HB 645, HB 658 and HB 702.

HOUSE BILL 631

REPRESENTATIVE JIM SCHULTZ, District 48, sponsor of the bill, said HB 631 is an attempt to correct a serious injustice in the Income Tax Laws of Montana. During the 47th legislative session, we addressed many of the income tax inequities but the folks addressed in HB 631 came out on the short end.

This problem was brought to my attention in 1981, first by a widow with five children, with a home and all the attendant expenses.

In 1982, she and 15 other single parents with similar problems discussed this discrimination with me. (I might add that three of those single parents were fathers without spouses.) I think the problem is clearly defined in the change in the bill.

A couple with a family, home, etc., is entitled to \$3,000 as a maximum standard deduction. Some of the problems that are additional to the single parent are solved by marriage.

REPRESENTATIVE SCHULTZ said he has received about 50 letters from proponents of this bill.

Proponents

REPRESENTATIVE KEN NORDTVEDT, District 77, said it was an oversight of the past session to continue this inequity. He said he hoped this would be of high priority to the legislature. Representative Nordtvedt said we should find room, above everything else, in the budget to fund this bill.

There were no opponents testifying on HB 631.

REPRESENTATIVE SCHULTZ, in closing, said this is a group of Montanans that won't be here to fill the committee room. There will be no highly paid, highly proficient lobbyists of any well financed corporations or statewide organizations. These folks

are too busy trying to manage a family with no spousal help. These people voted for us just as those that we hear from daily in our committee hearings. Representative Schultz said he feels this group also deserves our consideration.

The hearing was closed on HB 631.

HOUSE BILL 624

REPRESENTATIVE KATHLEEN MCBRIDE, District 85, sponsor of the bill, said HB 624 is an act allowing certain elderly citizens to defer certain property taxes, providing an interest rate for deferred taxes and providing penalties.

REPRESENTATIVE MCBRIDE said she got many calls, last summer, from constituents regarding tax increases on their homes of \$200 to \$300. Most of the calls were from elderly and low income people. She said these people want to stay in their homes. They do not want to become delinquent in paying the property taxes on their homes nor do they want their homes sold because of delinquent taxes.

REPRESENTATIVE MCBRIDE said income is defined as federal adjusted gross income, without regard to loss, as that quantity is defined in the Internal Revenue Code of the United States, plus all nontaxable income. She said this was the same definition of income as what is already on the books for qualification for other tax breaks.

Personal property is defined as a mobile home which is not treated as an improvement to real property for property tax purposes.

In order to defer property taxes on a homestead the owners must be at least 62 years of age or older by the end of the year of application, except that when ownership is by a married couple only one spouse need meet this criterion. During the 12 months immediately preceding the date of application, combined income of members of the household may not exceed \$20,000. The total owner equity in the homestead must be at least 20% of the market value. The homestead must be the principal residence of the owners during at least nine months of the year of deferral. No property tax on the homestead may be delinquent as of the date of application for deferral.

A claim for deferral or property taxes on a homestead must be made in writing on a form supplied by the Department of Revenue. The forms will be available through the Department of Revenue and the office of each county treasurer.

Upon receipt of a valid claim, the Department of Revenue shall issue a certificate of eligibility. The certificate must consist

of a two-part voucher, one part to be used for the first-half property tax payment and the other part to be used for the second-half payment. The Department of Revenue shall determine the validity of each claim for deferral of property taxes. The Department of Revenue shall issue a certificate of eligibility to any individual who files a claim that meets the criteria set forth in section 3. Upon receipt from a county treasurer of a completed voucher and accompanying copy of the individual property tax bill, the department shall issue payment to the county treasurer in the amount shown on the voucher. If the taxpayer chooses to defer property tax for the new tax year, a new claim must be filed. On or before the date on which the property tax to be deferred is due, the individual shall submit the property tax bill and certificate of eligibility to the county treasurer of the county in which the property is located.

The amount of property tax deferred is subject to a charge of 7% simple interest annually. A fee of \$5 must be charged by the Department of Revenue for processing each separate completed certificate of eligibility. The fee may be added to the individual taxpayer's account, but may not bear interest. A taxpayer may at any time pay all or part of the balance in the account kept by the department.

The entire balance of the account kept by the department is due within 30 days of the occurrence of the death of the taxpayer, the property upon which taxes have been deferred is no longer used as the principal residence of the taxpayer, one or more of the criteria set forth in section 3 is no longer met, or the property upon which the taxes have been deferred is sold or a contract for its sale is signed.

If a surviving spouse becomes sole owner of the property, he may continue to defer the payment of property tax even though the age limitation is not met, provided all other criteria are met.

If the dwelling consists of a mobile home, the balance of the account must be paid before the mobile home may be moved.

Application for or actual deferral of property tax has no effect upon an individual's eligibility for reduction of property tax liability.

The effective date of this bill is upon passage and approval.

Proponents

G. V. ERICKSON, legislative chairman of the Retired Teachers Association, said one concern was how to provide for making it possible for more low income senior citizens to stay in their

homes. House Bill 624 provides for that. He said he is very concerned with this problem. These people are people who have been contributing members of society. He urged passage of HB 624.

REPRESENTATIVE MCBRIDE said she introduced the bill for two reasons. It is hard to justify why property tax increased during a year the legislature was going to help senior citizens with property taxes. She also wants to provide an adequate source of income for local governments on a regular basis.

REPRESENTATIVE VINGER asked how the local governments are going to determine if the income qualifications are met. What is the correlation between the state and county agencies. Representative McBride said there are two sections dealing with eligibility and there is a section that provides for penalties. An individual who intentionally supplies false information in order to achieve eligibility to defer property taxes commits the offense of false swearing. In addition to the penalty provided in 45-7-202, all deferred property tax, accrued interest, and service charges become due upon conviction of such false swearing.

REPRESENTATIVE NORDTVEDT asked if the criteria of eligibility is important to the bill. Representative McBride asked him if he thought this act should apply to anyone. Representative Nordtvedt said he would have no problem with providing this act to all senior citizens. Representative McBride said this act is in its most limited form now and if we can work out the mechanics for this small group, we can expand later.

REPRESENTATIVE NORDTVEDT said he did not like the 30 day limit on payment of the entire balance should the taxpayer die, the property is sold, etc. Representative McBride said she also had some problems with that. She suggested replacing the 30 days with language that would say "a reasonable length of time". She said she would leave that to this committee's discretion.

The hearing on HB 624 was closed.

HOUSE BILL 594

REPRESENTATIVE ANDREA HEMSTAD, District 40, sponsor of the bill, said HB 594 is an act granting members of the Montana National Guard and the Montana Home Guard a \$100 tax credit. She said this bill was introduced because the Montana National Guard is the only organized power to assist in times of emergency or disaster.

House Bill 594 was requested as an incentive to keep members in the Montana National Guard.

Proponents

GEORGE DONNELLY, President of the National Guard Association of the state of Montana, passed out copies of a book that outlines the impact of the National Guard to the state. This is a time to provide incentives for trained people to continue in the guards. The fiscal note for HB 594 said the fiscal impact would be \$360,000. He said he thinks that figure can be reduced.

MR. DONNELLY said the maximum number of guards you can have in the state is 3,619. A member must belong to the guards for a complete year before he would be eligible for the tax credit. There is a 25% turnover every year in guard members. Because of that, the \$360,000 could be reduced to \$270,000. Twelve and one-half percent of National Guard members' tax returns submitted in 1981 had a zero tax liability. That would reduce the tax potential to \$236,000. Many other states have a tax incentive for National Guard people.

MAJOR DICK MOONEY, recruiting and retention manager for the National Guard for the state of Montana, went over some information contained in the book that was handed out. (See EXHIBIT 1.) He said a lot of people join the guards because of economic reasons. When the economy improves, there will be a drop in the number of National Guardsmen. House Bill 594 would apply equitably across the board.

WALT HANLEY, a member of the Montana National Guard, said he has been in the National Guard for 14 years. The National Guard needs Montana and Montana needs the National Guard. This bill will give members an incentive to stay in the guards.

GARY SCOTT, representing the Montana National Guard, said the guards have helped the state on a number of occasions. When the guardsmen go on active duty, they usually lose money. He urged this committee's support of the bill.

ROGER HAGAN, a member of the Montana Air National Guard, said the total operating expenditure of the Montana National Guard was \$28,808,440 in federal dollars and \$972,715 in state dollars. The ratio of federal dollars to state dollars is 29.6 to 1. He said this tax credit benefits low income earners more than high income earners. These are the specific people we wish to help the most. The young, low-grade guard members can benefit the most with this form of legislation.

JACK WALSH, personnel officer for the Montana Army National Guard, asked for this committee's support of HB 594.

There were no opponents testifying on HB 594.

REPRESENTATIVE HEMSTAD proposed two amendments to HB 594. One amendment would be that the Montana National Guard get a list to the Department of Revenue to determine who would be eligible for the tax credit to prevent fraud. The second amendment would be that the guardsmen would only receive the tax credit after one full year of service.

REPRESENTATIVE DEVLIN asked if this is a full time career, do you think you should be entitled to a credit like this. Major Mooney said he works full time for the guards and on weekends he becomes a part-timer and has to go to drills.

The hearing on HB 594 was closed.

HOUSE BILL 645

REPRESENTATIVE WALTER SALES, District 79, sponsor of the bill, said the legislature passed a law requiring taxes be paid on a subdivision before any lots could be sold. The county treasurers and assessors asked that this same law be passed on land parcels before they can be divided.

Proponents

CHARLES GRAVELEY, representing the county treasurers and assessors, said those groups fully support this bill. He submitted a letter written by county treasurers in support of HB 645. (See EXHIBIT 2.)

DENNIS REBERG, representing the Association of Realtors, said he hoped this bill would not require that special improvement assessments or rural assessments be paid off before the land can be sold. That would be an undue hardship.

REPRESENTATIVE SALES said the practice regarding special assessments has been that the assessments that are due have to be paid up but that doesn't include future assessments. He said this committee might want to look at the wording and make sure that is understood.

REPRESENTATIVE NORDTVEDT said the new language doesn't refer to SIDs, just to taxes.

CHAIRMAN YARDLEY asked Jim Oppedahl, legislative researcher for the Legislative Council, to compare this language to what was passed several years ago and make sure the language is the same.

The hearing on HB 645 was closed.

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

EXECUTIVE SESSION

House Bill 658

REPRESENTATIVE BERTELSEN moved HB 658 DO PASS AS AMENDED. He said it would be irresponsible to not pass this legislation considering the condition of the state budget and the urgency of getting this money back to the state budget. He said he is not implying the money will never be returned, it's just that the money has not yet been returned.

REPRESENTATIVE HARRINGTON said he still thinks Bob Stockton, from the Office of Public Instruction, should come before this committee and explain the memo he wrote to the school superintendents.

The motion was voted on and PASSED. A roll call vote was taken and all committee members voted yes except Representatives Abrams, Dozier, Harrington, Keenan, Nilson, Ream and Williams.

Property Tax Relief Bills

CHAIRMAN YARDLEY said there are a number of bills affecting property tax relief for the elderly. Those bills include HB 470, HB 475 and HB 485. House Bill 475 and HB 485 are the same except HB 475 provides for the state reimbursement to the counties for the loss of taxes. There would be a major impact to the state's general fund. With HB 485, there would be no reimbursement to the counties. House Bill 470 provides tax relief to people over 75 years of age.

REPRESENTATIVE BERTELSEN said he supports HB 475 because we have a certain obligation to local governments that the money should go back to where it originates.

REPRESENTATIVE SWITZER moved HB 475 DO PASS.

CHAIRMAN YARDLEY explained HB 418 and HB 600, which deal with the Governor's block grants. He said one-third of the oil severance tax plus \$3 million in general fund money, each year, would go to block grants. The first payment out of that money is the reimbursement for license fees which is over \$15 million per year. The balance of the money would go to counties and cities on a population basis. No money would go to schools. If HB 485 passes out of this committee, with a \$2 million general fund reimbursement, in effect, you are saying you are not passing the other two bills (HB 418 and HB 600). You are putting a priority of reimbursing counties on this basis and not through HB 418 or HB 600.

REPRESENTATIVE UNDERDAL asked what effect the price of oil, per barrel, would have on this funding. Representative Nordtvedt said for every \$1 increase or decrease, there is a corresponding \$1.8 million increase or decrease.

REPRESENTATIVE HARRINGTON said this committee has to look at priorities on the property tax reliefs. There is no way, without cutting programs or changing money around, we will balance the state budget.

CHAIRMAN YARDLEY said Representative Waldron has a bill that does the same thing as HB 475 and HB 485. Instead of increasing the amount of money each year, he puts it to CPI.

REPRESENTATIVE NORDTVEDT said he would like to have a chance to cast a favorable vote to HB 475. It is better than the block grant approach. Block grants reimburse revenue in no set relationship to revenue losses experienced by counties and completely overlooks the schools.

REPRESENTATIVE HARRINGTON said the schools are taking a beating with the block grant approach.

REPRESENTATIVE BERTELSEN said maybe we should reinstate money to local governments on the inventory tax. We could even put an inflation factor on it. We are taking away \$5.75 million from local schools with the block grant approach.

REPRESENTATIVE WILLIAMS said he favors holding bills until we have reached a more concrete decision on how we are going to handle property tax relief.

REPRESENTATIVE SWITZER said HB 475 addresses people who need consideration more than any others. The block grants go on a population basis.

REPRESENTATIVE NORDTVEDT said we are trying to carry out a major policy with some of the bills in the Local Government Committee and some of the bills in the Taxation Committee. It makes it impossible to coordinate the efforts.

REPRESENTATIVE HARP said he thinks HB 475, HB 485 and HB 470 should be tabled.

REPRESENTATIVE NORDTVEDT said the problem with tabling is that HB 475 is a more intelligent form of aid to counties than the block grants.

REPRESENTATIVE BERTELSEN said he has a bill to reimburse counties for loss of revenue by reinstating money to the local governments on inventory tax.

CHAIRMAN YARDLEY suggested looking at Representative Bertelsen's bill along with these three bills. We can pass consideration of the bills for the day.

REPRESENTATIVE DEVLIN said we will never see a whole picture because too many bills are scattered throughout different committees.

REPRESENTATIVE SWITZER withdrew his motion that HB 475 DO PASS.

House Bill 624

REPRESENTATIVE HARRINGTON moved HB 624 DO PASS. He feels it is important to pass this because some people will be given the opportunity to remain in their own homes. He said he thinks it is a very good bill.

REPRESENTATIVE DEVLIN suggested amending the 30 days to "a reasonable amount of time". Chairman Yardley said the 30 day limit would be a problem in estate sale cases.

REPRESENTATIVE WILLIAMS suggested amending the 30 days to 6 months.

REPRESENTATIVE NORDTVEDT moved HB 624 BE AMENDED on page 8, line 5, to read 6 months instead of 30 days and to pass the statement of intent.

The motion was voted on and PASSED. All committee members voted yes.

REPRESENTATIVE HARRINGTON moved HB 624 DO PASS AS AMENDED.

The motion was voted on and PASSED with all committee members voting yes except Representative Jacobsen, who voted no.

House Bill 645

REPRESENTATIVE VINGER moved HB 645 DO PASS.

The motion was voted on and PASSED unanimously.

House Bill 702

CHAIRMAN YARDLEY passed out copies of an amendment proposed by the Department of Revenue. (See EXHIBIT 3.) He went over the amendments with the committee.

REPRESENTATIVE BERTELSEN moved the AMENDMENTS TO HB 702 DO PASS.

The motion was voted on and PASSED unanimously.

REPRESENTATIVE BERTELSEN moved HB 702 DO PASS AS AMENDED.

The motion was voted on and PASSED unanimously.

House Bill 631

REPRESENTATIVE WILLIAMS said he would like to hold action on this bill until another day.

CHAIRMAN YARDLEY said without any objection from the committee, we will hold this bill until another day.

House Bill 594

REPRESENTATIVE REAM moved HB 594 DO NOT PASS.

REPRESENTATIVE NEUMAN said we should defer action on this bill because we do not know where the funding picture is and if some money is left over we might be able to fund this bill.

REPRESENTATIVE DEVLIN said he received a note from the sponsor of the bill saying an amendment could be made on the bill taking full time employees off the exemption.

CHAIRMAN YARDLEY asked the sponsor of the bill to draw up amendments that were offered during the hearing on the bill and also include the amendment to exclude full time employees.

REPRESENTATIVE REAM withdrew his motion.

CHAIRMAN YARDLEY said we will hold this bill until we receive the amendments.

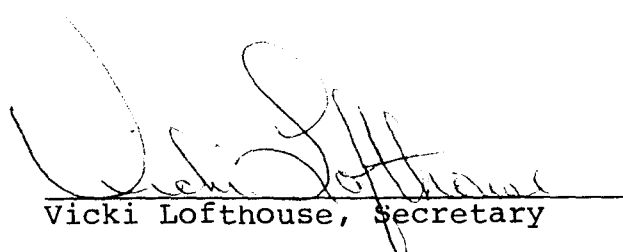
CHAIRMAN YARDLEY asked how the subcommittee on HB 316 was doing. Representative Neuman said they are holding a meeting on February 28, to receive outside responses.

REPRESENTATIVE VINGER said he had requested some information on HB 354 from the Department of Revenue but has not yet received that information. Mr. Greg Groepper, Department of Revenue said he would get that information.

CHAIRMAN YARDLEY also asked for the research done on the fiscal notes for HB 29 and HB 561. Mr. Groepper said he would get that information for the committee.

The meeting was adjourned at 10:50 a.m.


DAN YARDLEY, Chairman


Vicki Lofthouse, Secretary

GUARD PERSONNEL IN MONTANA'S COMMUNITIES

| <u>CITY</u> | <u>PART TIME GUARD MEMBERS</u> | <u>FULL TIME FEDERAL EMPLOYEES</u> | <u>STATE EMPLOYEES</u> | <u>TOTAL</u> |
|-------------|------------------------------------|--|----------------------------|--------------|
| ANACONDA | 50 | 1 | | 51 |
| BILLINGS | 249 | 16 | | 265 |
| BOZEMAN | 139 | 14 | 2 | 155 |
| BUTTE | 88 | 1 | | 89 |
| CHINOOK | 55 | 6 | | 61 |
| CULBERTSON | 67 | 4 | | 71 |
| DEER LODGE | 49 | 1 | | 50 |
| DILLON | 59 | 1 | | 60 |
| GREAT FALLS | 884 | 332 | 16.5 | 1232.5 |
| GLASGOW | 85 | 2 | | 87 |
| GLENDALE | 52 | 2 | | 54 |
| HAMILTON | 75 | 1 | | 76 |
| HARLOWTON | 60 | 2 | | 62 |
| HAVRE | 80 | 3 | | 83 |
| HELENA | 746 | 193 | 16 | 995 |
| KALISPELL | 153 | 13 | | 166 |
| LEWISTOWN | 66 | 1 | | 67 |
| LIBBY | 45 | 1 | | 46 |
| LIVINGSTON | 55 | 1 | | 56 |
| MALTA | 77 | 1 | | 78 |
| MILES CITY | 81 | 1 | | 82 |
| MISSOULA | 244 | 11 | | 255 |
| PLENTYWOOD | 34 | 2 | | 36 |
| SHELBY | 58 | 1 | | 59 |
| SIDNEY | 36 | 1 | | 37 |
| WHITEFISH | 32 | 1 | | 33 |

COMMUNITY ACTIVITIES
SUPPORTED BY THE GUARD

SPECIAL OLYMPICS
FUTURE FARMERS OF AMERICA
HIGH SCHOOL ORGANIZATIONS
YOUTH FAIR CUB SCOUTS
BOY SCOUTS BIKE-A-THON
CHURCH ATHLETIC PROGRAMS
SERVICE CLUB FUNCTIONS
RED CROSS BLOOD DRIVE
CIVIC GROUPS
HUNTER SAFETY PROGRAM
JUNIOR RIFLE TEAM
SEARCH AND RESCUE
AMATEUR RADIO CLUB
HONOR GUARD
COLOR GUARD

* The above is only a partial listing, but it is representative.

STATE EMERGENCIES IN WHICH GUARD PERSONNEL HAVE SERVED

| | |
|--------------------|--|
| Flood | - Apr 7 - 11, 1952 - Milk River |
| State Prison Riot | - Jul 30 - 31, 1957 - Deer Lodge |
| State Prison Riot | - Apr 16 - 19, 1959 - Deer Lodge |
| Forest Fire | - Sep 15, 1959 - Kalispell |
| Forest Fire | - Jul 24 - 29, 1960 - Cascade |
| Forest Fire | - Aug 5 - 12, 1961 - Clancy |
| Forest Fire | - Aug 3 - 12, 1961 - Sleeping Child |
| Train Wreck | - Jun 21 - 22, 1962 - Missoula |
| Flood | - Jun 8 - 20, 1964 - Glacier Park, Montana-Sun River |
| Winter Disaster | - Dec 16 - 22, 1964 - Southeastern Montana |
| Train Wreck | - Mar 7 - 8, 1966 - Chester |
| Forest Fire | - Aug 4 - 6, 1966 - Sweet Grass County |
| Forest Fire | - Aug 23 - 26, 1967 - Olney |
| Forest Fire | - Aug 10 - 13, 1971 - Missoula County |
| Forest Fire | - Aug 15 - 31, 1973 - Western Montana |
| State Institutions | - Mar 13 - 21, 1974 - Warm Springs, Galen, Boulder |
| Civil Disturbance | - Jan 22, 1975 - Decker |
| Haylift | - Apr 9 - 11, 1975 - Glacier, Toole, Liberty and Cascade Counties |
| Flood | - Jun 19 - 23, 1975 - Cascade County |
| Prison Fire | - Feb 23 - 25, 1976 - Deer Lodge |
| State Institution | - Nov 11 - 13, 1976 - Warm Springs |
| Explosion and Fire | - Nov 27 - 28, 1976 - Belt |
| Snow Bound | - Feb 9 - 18, 1978 - Eastern Montana |
| Flood | - May 20 - 25, 1978 - Hardin |
| State Institutions | - Feb 5 - 14 Mar 1979 - Deer Lodge, Boulder and Galen |
| Flood | - 1980 - Missoula |

Provided equipment to National Forest and State Forest and limited personnel to support fighting of forest fires 1982, 1981, 1980, 1979, 1978, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968.

GUARD PAYROLL BY COMMUNITY

| CITY | DRILL PAY | ANNUAL TRAINING PAY | STATE | TOTAL |
|--------------|-------------------------------|---------------------|---------|------------|
| ANAGONDA | \$ 53,000 | \$ 25,000 | 0 | \$ 78,000 |
| BILLINGS | 202,000 | 149,000 | 0 | 351,000 |
| BOZEMAN | 302,000 | 124,000 | 26,585 | 452,585 |
| BUTTE | 96,000 | 41,000 | 0 | 137,000 |
| CHINOOK | 68,000 | 30,000 | 0 | 98,000 |
| CULBERTSON | 75,000 | 41,000 | 0 | 116,000 |
| DEER LODGE | 99,000 | 34,000 | 0 | 133,000 |
| DILLON | 92,000 | 38,000 | 0 | 130,000 |
| *GREAT FALLS | (Total Federal \$11,431,093.) | | 57,075 | 11,488,168 |
| GLASGOW | 80,000 | 39,000 | 0 | 119,000 |
| GLENDIVE | 58,000 | 24,000 | 0 | 82,000 |
| HAMILTON | 81,000 | 43,000 | 0 | 124,000 |
| HARLOWTON | 77,000 | 28,000 | 0 | 105,000 |
| HAVRE | 88,000 | 41,000 | 0 | 129,000 |
| HELENA | 1,429,000 | 461,000 | 224,109 | 2,114,109 |
| KALISPELL | 272,000 | 90,000 | 0 | 362,000 |
| LEWISTOWN | 81,000 | 37,000 | 0 | 118,000 |
| LIBBY | 53,000 | 24,000 | 0 | 77,000 |
| LIVINGSTON | 62,000 | 16,000 | 0 | 78,000 |
| MALTA | 113,000 | 50,000 | 0 | 163,000 |
| MILES CITY | 89,000 | 38,000 | 0 | 127,000 |
| MISSOULA | 303,000 | 125,000 | 0 | 428,000 |
| PLENTYWOOD | 43,000 | 20,000 | 0 | 63,000 |
| SHELBY | 70,000 | 33,000 | 0 | 103,000 |
| SIDNEY | 45,000 | 18,000 | 0 | 63,000 |
| WHITEFISH | 47,000 | 19,000 | 0 | 66,000 |

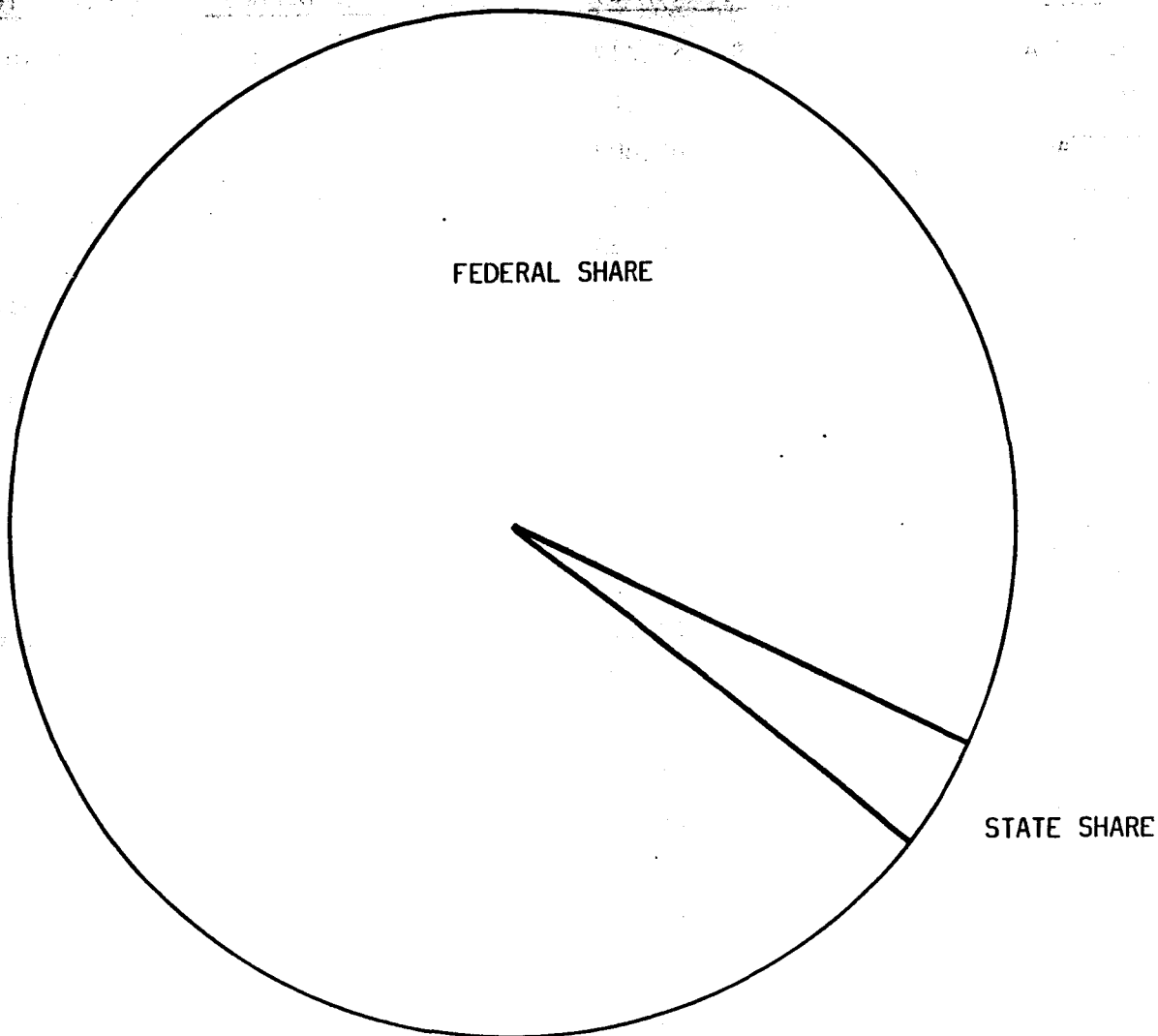
Note: Some full time federal salaries are included under operating expenses. The reason for this is that in many of our unit's cities and communities, there is only one full time employee. Out of respect for these individuals privacy, their salaries are not listed separately. Where we show an approximate number of dollars for state taxes on guard payroll, these salaries are taken into account. Thus the difference.

* This sum is posted as one amount. Air Guard personnel have four to five duty statuses. To list them each, would be cumbersome.

THE GUARD PAYROLL

Total Federal Payroll \$ 17,151,440.
Total State Payroll \$ 307,769.

Total Payroll \$ 17,459,209.*



STATE INCOME TAX ON ABOVE FIGURE \$609,368.

* This figure does not include a significant number of full time federal employee salaries, for reasons stated elsewhere.

OPERATING EXPENDITURES

LOCAL PURCHASE

BY COMMUNITY

| <u>CITY</u> | <u>OPERATIONS AND MAINTENANCE (STATE)</u> | <u>FEDERAL EXPENDITURES (FEDERAL)</u> | <u>TOTAL</u> |
|-------------|---|---|--------------|
| ANACONDA | \$ 13,612 | \$ 94,000 | \$ 107,612 |
| BILLINGS | 19,145 | 865,000 | 884,145 |
| BOZEMAN | 48,409 | 725,000 | 773,409 |
| BUTTE | 15,555 | 138,000 | 153,555 |
| CHINOOK | 8,248 | 333,000 | 341,248 |
| CULBERTSON | 19,547 | 308,000 | 327,547 |
| DEER LODGE | 14,213 | 119,000 | 133,213 |
| DILLON | 15,723 | 136,000 | 151,723 |
| GREAT FALLS | 68,901 | 6,518,539 | 6,587,440 |
| GLASGOW | 15,967 | 132,000 | 147,967 |
| GLENDDIVE | 20,149 | 81,000 | 101,149 |
| HAMILTON | 9,157 | 132,000 | 141,157 |
| HARLOWTON | 22,203 | 94,000 | 116,203 |
| HAVRE | 2,979 | 133,000 | 135,979 |
| HELENA | 234,553 | 6,367,000 | 6,601,553 |
| KALISPELL | 19,012 | 486,000 | 505,012 |
| LEWISTOWN | 11,117 | 116,000 | 127,117 |
| LIBBY | 6,072 | 76,000 | 82,072 |
| LIVINGSTON | 6,685 | 67,000 | 73,685 |
| MALTA | 9,516 | 170,000 | 179,516 |
| MILES CITY | 9,403 | 145,000 | 154,403 |
| MISSOULA | 25,382 | 637,000 | 662,382 |
| PLENTYWOOD | 15,484 | 61,000 | 76,484 |
| SHELBY | 9,346 | 103,000 | 112,346 |
| SIDNEY | 13,387 | 58,000 | 71,387 |
| WHITEFISH | 11,181 | 81,000 | 92,181 |

Note: In larger areas like Helena and Great Falls, expenditures include some items not purchased in the local area. A more complete breakdown is available.

THE TOTAL GUARD BUDGET

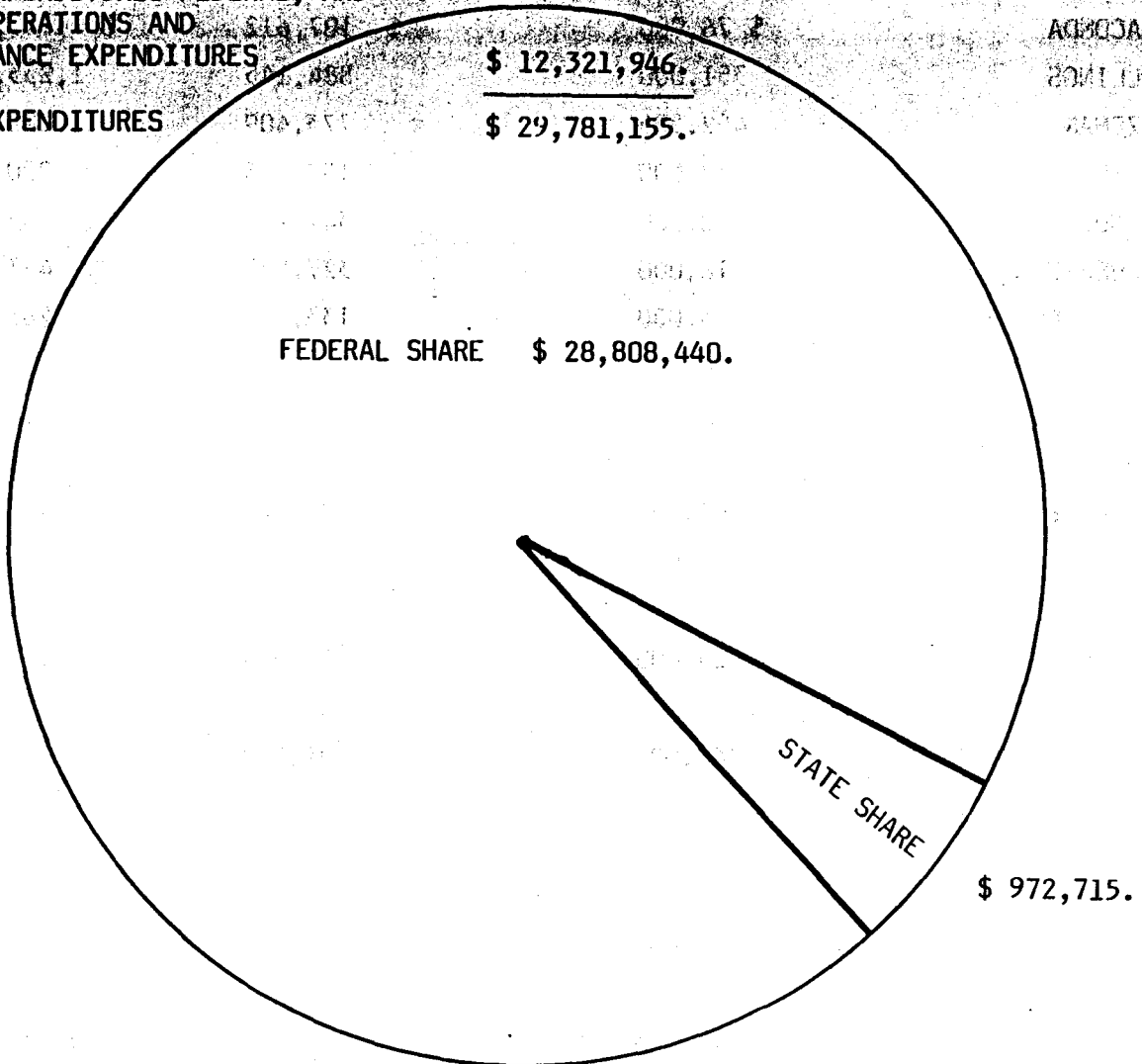
TOTAL EXPENDITURES

TOTAL PAYROLL : FEDERAL AND STATE \$ 17,459,209.*

TOTAL EXPENDITURES FEDERAL, AND
STATE OPERATIONS AND
MANITENANCE EXPENDITURES \$ 12,321,946.

TOTAL EXPENDITURES \$ 29,781,155.

FEDERAL SHARE \$ 28,808,440.



NOTE: WHEN STATE TAXES ARE TAKEN ON THE ENTIRE GUARD PAYROLL, THAT FIGURE AMOUNTS TO APPROXIMATELY \$ 993,963.

THEREFORE, IT COULD BE SAID THAT THE GUARD BRINGS IN MONEY TO THE STATE GOVERNMENT IN THE AREA OF \$ 200,000.

THIS AMOUNT IS ABOVE THAT PAID IN THE FORM OF STATE TAXES ON LOCAL FUEL PURCHASES.

* This amount does not include some full time federal salaries. However, they are accounted for under federal operating expenses.

THE MONTANA GUARD BUDGET

TOTAL EXPENDITURES

| CITY | PAYROLL | OPERATING EXPENSES | TOTAL |
|-------------|------------|--------------------|------------|
| ANACONDA | \$ 76,000 | \$ 107,612 | \$ 183,612 |
| BILLINGS | 351,000 | 884,145 | 1,235,145 |
| BOZEMAN | 452,585 | 773,409 | 1,225,994 |
| BUTTE | 137,000 | 153,555 | 290,555 |
| CHINOOK | 98,000 | 341,248 | 439,248 |
| CULBERTSON | 116,000 | 327,547 | 443,547 |
| DEER LODGE | 133,000 | 133,213 | 266,213 |
| DILLON | 130,000 | 151,723 | 281,723 |
| GREAT FALLS | 11,488,187 | 6,587,440 | 18,075,627 |
| GLASGOW | 119,000 | 147,967 | 266,967 |
| GLENDALE | 82,000 | 101,149 | 183,149 |
| HAMILTON | 124,000 | 141,157 | 265,157 |
| HARLOWTON | 105,000 | 116,203 | 221,203 |
| HARVE | 129,000 | 135,979 | 264,979 |
| HELENA | 2,114,109 | 6,601,553 | 8,715,662 |
| KALISPELL | 362,000 | 505,012 | 867,012 |
| LEWISTOWN | 118,000 | 127,117 | 245,117 |
| LIBBY | 77,000 | 82,072 | 159,072 |
| LIVINGSTON | 78,000 | 73,685 | 151,685 |
| MALTA | 163,000 | 179,516 | 342,516 |
| MILES CITY | 127,000 | 154,403 | 281,403 |
| MISSOULA | 428,000 | 662,382 | 1,090,382 |
| PLENTYWOOD | 63,000 | 76,484 | 139,484 |
| SHELBY | 103,000 | 112,346 | 215,346 |
| SIDNEY | 63,000 | 71,387 | 134,387 |
| WHITEFISH | 66,000 | 92,181 | 158,181 |

Note: Some full time federal salaries are included under operating expenses. The reason for this is that in many of our unit's cities and communities, there is only one full time federal employee. Out of respect for these individuals privacy, their salaries are not listed separately. Detailed information on these amounts may be requested.

TESTIMONY FOR HB 645

House Bill 645 would be a welcome tool to Treasurers and Clerks & Recorders. It speaks to the breaking-out of smaller parcels which have not come under subdivision review. Many times, the original and larger parcel is divided with taxes due. The new buyers are unaware that the property they are buying has delinquent taxes.

1. With our current system, the Assessor creates another parcel number which, as new, shows no delinquency.
2. The Treasurer, who has no oversight of one of the exempt divisions, does not know that the new parcel carries delinquent taxes; therefore the delinquency does not show on the tax bill.
3. The Clerk & Recorder discovers that there are delinquent taxes when a search of the records is made for the tax deed sale.
4. The unfortunate new owner must pay the delinquent taxes to save the property, even though he did not own the property when those delinquencies occurred.
5. We urge your support of HB 645, which by requiring taxes to be paid on those parcels divided under the exemptions to the subdivision law, will be a benefit to the Treasurers, Clerks & Recorders and to the taxpayer.

2/15/83

Amendment to HB 702

(1) Page 1, line 4.

Following: "AN ACT TO"

Strike: "rest of line 4 through line 8 in their entirety"

Insert: "AN ACT TO PROVIDE THAT THE PROPERTY OF QUASI-
GOVERNMENTAL INSTITUTIONS SHALL BE EXEMPT FROM PROPERTY
TAXATION; AMENDING SECTION 15-6-201, MCA."

(2) (1) Page 3.

Following: line 9

Insert: "(1) all institutions of a Quasi-governmental nature.
"Quasi-governmental" is hereby defined as an institution
which receives a majority of its funding from federal or
state revenue sources, either through grant or by con-
tract."

(3) Page 3, line 11.

Strike: "means a corporation or association organized and oper-
ated exclusively for charitable purposes, no part of the
net income of which inures to the benefit of any private
stockholder or individual, and"

(4) Page 3, line 16.

Strike: ", or developmentally disabled,"

WITNESS STATEMENT

Name ROGER A. HAGAN Committee On TAXATION
 Address 1817 20th Ave So, Gr Falls, MT Date 15 FEB 83
 Representing ENLISTED ASSOC. of N.G. Support ✓
 Bill No. HB 594 Oppose _____
 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. TOTAL EXPENDITURE OF MT. NATIONAL GUARD
 \$28,808,440 FEDERAL - \$972,715 STATE RATIO OF FEDERAL
 DOLLARS ~~OF~~ TO STATE DOLLARS 29.6 to 1.
2. APPROX. STATE TAX ^{INCOME} PAID ON SALARIES - \$994,000 OR \$20,000 MORE
 than STATE EXPENDITURES.
3. SUPPORTED LEGISLATION EARLIER TO WITHHOLD STATE TAX ON
 Full Time Military Employees of MT. NATIONAL GUARD. THEIR
 SALARIES ARE \$2,016,000 and at 4.5% withholding equates to
 \$90,000 MORE IN STATE WITHHOLDING THROUGHOUT THE YEAR.
4. TAX CREDIT BENEFITS low income earners more than
 high income earners. THIS is the specific people we
 wish to help the most. THE young, low grade guard
 members can benefit the most with this form of
 legislation.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

VISITOR'S REGISTER

HOUSE

Taxation

COMMITTEE

BILL

594

DATE February 15, 1983

SPONSOR

Representative Hemstad

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT

March 12, 19 33

MR. **SPEAZER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **594**

First reading copy (**White**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT GRANTING MEMBERS OF THE MONTANA NATIONAL GUARD AND THE MONTANA HOME GUARD A \$100 TAX CREDIT; AND PROVIDING AN APPLICABILITY DATE."

Respectfully report as follows: That **HOUSE** Bill No. **594**

~~DO NOT PASS~~ **DO NOT PASS**

STANDING COMMITTEE REPORT

February 15, 19 83

MR. **SPEAKER:**

TAXATION

We, your committee on

having had under consideration **HOUSE** Bill No. **624**

First reading copy (**White**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING CERTAIN ELDERLY CITIZENS TO DEFER CERTAIN PROPERTY TAXES; PROVIDING AN INTEREST RATE FOR DEFERRED TAXES; PROVIDING FOR ADMINISTRATION AND ENFORCEMENT; PROVIDING PENALTIES; PROVIDING AN APPROPRIATION; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Respectfully report as follows: That **HOUSE** Bill No. **624**
be amended as follows:

1. Page 6, line 5.
Following: "within"
Strike: "30 days"
Insert: "6 months"

~~XXXXXX~~
DO PASS

AND AS AMENDED
DO PASS

STATEMENT OF INTENT ATTACHED

DAN YARDLEY,
Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

MR. SPEAKER:

WE, YOUR COMMITTEE ON NATURAL RESOURCES, HAVING UNDER CONSIDERATION HOUSE BILL NO. 624, FIRST READING COPY (WHITE), ATTACH THE FOLLOWING STATEMENT OF INTENT:

STATEMENT OF INTENT
HOUSE BILL NO. 624
House Taxation Committee

It is the purpose of this act to permit qualifying homeowners to defer payment of property taxes on their homes. The state pays the tax to the county involved and has a lien against the property for the amount paid. The ability to defer taxes is granted to both real property owners and mobile homeowners who meet the qualifications set forth in the act. The act will be effective for property taxes which become due after its passage and approval.

The Department of Revenue is designated as the administering agency. It is the intention of the Legislature that the Department use as much of the current mechanism for determining eligibility for class 4 property tax relief as is practicable in order to determine eligibility for tax deferral. However, the Department is to keep a register of those properties upon which tax has been deferred and develop a central accounting and notification system. Since deferral of tax places a cloud on the property owner's title, the Legislature specifically requires those who wish to avail themselves of tax relief under this act to take the affirmative action of reapplying each year.

The rules to be adopted by the Department under the authority granted in this act should set forth the details of the procedure for determining eligibility and should also state a procedure for payment of deferred tax. The emphasis should be on making it simple for the eligible taxpayer to avail himself of this program.

The payments to local governments are designed to assure that they do not suffer any revenue loss under this tax relief program.

First adopted by the House Taxation Committee on the 15th day of February, 1983.

STANDING COMMITTEE REPORT

March 4,

19 33

SPEAKER:

MR.

TAXATION

We, your committee on

having had under consideration HOUSE 631 Bill No.

First reading copy (White)
color

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE HEAD OF A
HOUSEHOLD TO CLAIM THE SAME STANDARD DEDUCTION AS MARRIED
INDIVIDUALS FILING A JOINT RETURN; AMENDING SECTION 15-30-122,
MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN
APPLICABILITY DATE."

Respectfully report as follows: That
be amended as follows:

HOUSE 631 Bill No.

1. Title, lines 7 and 8.
Following: "AM" on line 7
Strike: line 7 through "AM" on line 8
2. Page 2, line 12 through line 14.
Following: "2." on line 12
Strike: line 12 through "and" on line 14
Insert: "Applicability. This act"
3. Page 2, line 15.
Following: line 14
Strike: "1982"
Insert: "1983"

AND AS AMENDED

DO PASS.

STANDING COMMITTEE REPORT

February 15, 1923

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **645**

First reading copy (**White**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING PAYMENT OF PROPERTY TAXES BEFORE A PARCEL OF LAND MAY BE DIVIDED; AMENDING SECTIONS 76-3-207 AND 76-3-303, MCA."

Respectfully report as follows: That **HOUSE** Bill No. **645**

DO PASS