

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 15, 1983

The twenty-seventh meeting of the Taxation Committee was called to order at 8 a.m. by Chairman Pat M. Goodover in Room 415 of the Capitol Building.

ROLL CALL: All members were present except Senator Halligan.

CONSIDERATION OF SENATE BILL 281: Senator Dorothy Eck, Senate District 39, said this bill allows the 2 cents per gallon motor fuel excise tax that counties have been authorized to impose to be imposed by initiative (current law) or by referendum (proposed law).

PROPONENTS

Jim VanArsdale, city councilman from Billings, submitted written testimony, attached as Exhibit A.

Dave Goss, representing the Billings Area Chamber of Commerce, supported the bill and said this is an item that should be put on the ballot by the governing body.

Senator Tom Hager, Senate District 30, wished to go on record as supporting the bill.

Alec Hanson, representing the Montana League of Cities and Towns, submitted written testimony, attached as Exhibit B.

OPPONENTS

John Braunbeck, representing the Montana IOMA and Montana LP Gas Association, said they oppose the measure. This bill does not address equity. Jobs are located in different counties. If a person is on a trip from Helena to Miles City, and Billings has the 2 cent excise tax, where is he going to buy gas?

Questions from the committee were called for.

Senator McCallum said he couldn't see in the bill where the tax would be used for city streets.

Senator Lynch wondered how many counties had this tax.

The hearing on SB 281 was closed.

CONSIDERATION OF SENATE BILL 384: Senator Jean Turnage, Senate District 13, said this committee bill is intended to remove the multiplicity of lawsuits and confusion that prevailed on motor vehicle fee moneys flowing back to local governments. It is

intended to direct and provide a method for local governments to make appropriate refunds or credits to taxpayers whose fees were not properly calculated. The bill was drafted with consultation with the Montana Taxpayers Association.

PROPONENTS

Mr. George Bousliman, representing Urban Coalition, supported SB 384. Their interest is in expediting the matter to get it settled.

Mike Young, finance director of the city of Missoula, explained amendments he submitted to clarify the legislation (see Exhibit C). If they are not technically correct, he will work with the committee to refine the language.

Maynard Olson, representing the Office of Public Instruction, said he supported the bill and would like to get it settled as quickly as possible.

C.D. "Bud" Beagle, superintendent of School District #23 in Missoula, submitted written testimony attached as Exhibit D.

Mr. Don Waldron, representing Hellgate Elementary School in Missoula County, said he applauded the bill coming in so the matter could be cleared up. See his statement attached as Exhibit E.

Dennis Burr, representing the Montana Taxpayers Association, submitted calculations made by the county treasurers and state revenue (see Exhibit F). The reason for the bill is that the Montana Taxpayers Association has lawsuits ordering counties to repay taxes erroneously collected. Cascade, Missoula, and Lewis and Clark Counties, etc., have initiated voluntary refund programs. Who should be sued and who will represent whom if there is only one county that won't give refunds? Some people have the impression that schools are the only ones involved. In Cascade County, the reimbursement was \$1.5 million. Some counties did not account for any money. In Cascade County, the problem is 30 mills; Jefferson County is 18 mills. Hopefully, the bill won't interfere with Gallatin County's refunding everyone.

OPPONENTS

Charles Graveley, representing the Montana County Treasurers Association, said the time constraints are unrealistic. It is impossible to provide the necessary information before March 1, 1983, and have the information transferred as set forth in the bill. They realize mistakes were made in their failure to anticipate revenue and are willing to work with local people to see that refunds and/or credits are made. He said they would oppose the bill unless the deadline was changed.

Questions from the committee were called for.

Senator Towe asked Mr. Graveley what the "right time" was. Mr. Graveley said the time may vary with different jurisdictions. He suggested a May 1 deadline. Some counties are not computerized.

Dennis Burr felt it should take no time at all to accomplish the work that needed to be done.

Senator Goodover wondered why several counties did nothing until this bill came out. Why couldn't they have started working on this before then?

Senator Norman asked if there was any thought as to who should pay the cause of the refund--the jurisdictions that should have anticipated it, or the county commissioners. Could we have language that the county commissioners will decide? Mr. Bousliman didn't think there was anything inappropriate about that.

Senator Turnage felt the cost of refunding would be offset by interest income on that excess money. There will be extra time and postage costs and that is all. The local governments won't lose that much in making refunds.

The hearing on SB 384 was closed.

CONSIDERATION OF SENATE BILL 247: Senator Bob Brown, Senate District 10, said SB 247 will make it possible for railroad retirees to receive the tax credit made available to social security recipients and is retroactive to periods beginning after December 31, 1980, and before January 1, 1983.

PROPONENTS

James Mular, representing the Railway Clerks, said 8,600 retirees were overlooked when the tax credit was not granted to them. Up to 1975, railroad retirees did pay into the social security system. See his written statement attached as Exhibit G.

Morris Gullickson, representing the United Transportation Union, supported the bill, and his written statement is attached as Exhibit H.

OPPONENTS

There were no opponents to SB 247.

TECHNICAL INFORMATION

Dan Bucks from the Department of Revenue said there has been some confusion on the fiscal note. One opinion is that the bill is retroactive and also applies to future periods as well as to 1981 and 1982. The other opinion is that it is only retroactive. In fact, SB 247 is only retroactive and applies only to the 1981 and 1982 tax periods. Other legislation is working through regarding railroad retirees and social security for future years.

Mr. Bucks suggested the following amendments:

Page 3, line 25.

Following: "applicable"

Insert: "only"

Strike: "retroactively within the meaning of"

Page 4, line 1.

Strike: "1-2-109"

Questions from the committee were called for.

Senator Norman noted that Senator Himsl's and Representative Nordtvedt's bills would put the railroad retirees on an equal footing in the future.

The hearing on SB 247 was closed.

CONSIDERATION OF SENATE BILL 360: Senator Thomas Towe, Senate District 34, sponsored this bill. There is a U.S. Supreme Court case that has indicated procedures similar to this (Tex v. Short, 1982, which was an abandonment procedure). Representative Ryan's bill worked almost identically to the Indiana bill. The House suggested some amendments (see Exhibit I) to the bill, and they improve this bill as well. The first section is important because of legislative findings and declaration of purpose--filing of severed mineral interests. On page 3, line 9, add "and the U.S." after "Montana". Senator Towe said section 10, subsection (2) (amending 70-28-109, MCA) will help the mineral companies. These are filings and not recordings. A form will be provided by the county clerks and recorders. There will be a little money coming into counties from this. Some of the largest landowners pay no taxes. Minerals are part of the land. People will not pay any more under this bill.

PROPONENTS

Mons Teigen, Montana Stockgrowers Association, submitted written testimony, attached as Exhibit J.

Terry Murphy, representing the Montana Farmers Union, said their membership was split, with some wanting to go so far as having the landowner seize all mineral rights, but they have agreed to this bill.

Pat Underwood, representing the Montana Farm Bureau Federation, supported the bill, also. See Exhibit J(1).

John Gallagher, from Havre, representing the Independent Landowners, supported the return of these severed mineral interests to the state of Montana.

OPPONENTS

Gary Langley, representing the Montana Mining Association, submitted a written statement, attached as Exhibit K. He supported HB 8 and opposed SB 360.

James Mockler, representing the Montana Coal Council, opposed SB 360. HB 8 tries to get to abandoned mineral possessions and that is all it does. It doesn't tax. Senator Keating's bill is okay, too.

Don Allen, Montana Petroleum Association, also opposed SB 360. He said any amendments should include that mineral interests are only severed in deeds, etc.

John Alke, representing Montana-Dakota Utilities, said superficially, there is appeal in the bill. If Montana-Dakota Utilities complies, they can do it. He said his law firm was retained two years ago by a lady who asked if \$3,000 was a fair price for mineral interests. It wasn't. The surface owner didn't advise her. She got \$30,000 and gave a 5-year lease on the property. Why does Senator Towe want to hurt people by giving them no actual notice?

Mike Zimmerman, representing Montana Power Company, submitted written testimony, attached as Exhibit L.

Mac Roberts, an independent landman from Helena, felt this would create chaos. See his statement, attached as Exhibit M.

Carl Jansky, who was representing an oil company, was opposed to SB 360 also.

TECHNICAL INFORMATION

Dennis Hemmer, representing the Department of State Lands, submitted written testimony, attached as Exhibit N.

Bill Romine, representing the Montana Clerks and Recorders, had several questions he thought should be considered and submitted written testimony, attached as Exhibit O. (1) Would you collect registration from each taxpayer, pay to the treasurer and not to the clerk and recorder? (2) Does the annual exemption last only for the life of the exemptee, or his interest in the land? (3) If the state is exempt, counties should be exempt, too. It doesn't make sense to pay taxes to one's self. If you have a fragmented share, can a person file on behalf of all others who have an interest in that one full share, or must each severed mineral interest owner file his own on behalf of his own separate interest, no matter how small (i.e., 1/64, etc.)? The form should be clarified as to whether it covers a person or a person's interest. Or do you need a separate form for each interest?

In closing, Senator Towe said he had trouble with some of the concerns raised. Mr. Alke's lady didn't have problems getting hold of Mr. Alke and getting the form and paying the fee. Don Allen raised constitutional questions. This will provide better notice for individuals. Would you rather leave your unknown interest up to the Indiana statutes or up to this bill? Before an interest is terminated, there would be a title and heir search. We are making better efforts to protect individuals

from loss. Regarding Bill Romine's comments, he said he was not terribly concerned about whether the surface owner is the only owner. The statutes say he is the only one. Regarding transferability of the exemption, if the widow lady dies, her heirs are not grandfathered and would have to pay the fee.. Should people file separately? Yes. The bill says "any person" and that is just what it means. Do we want to do something or wait? I think we should do something. Representative Ryan's bill requires us to wait for 20 years if the mineral interests are abandoned before you can do anything about it.

Questions from the committee were called for.

Senator Turnage wondered where "feasible" at page 5, line 25, came from.

Senator McCallum asked what a mineral acre was.

Senator Goodover asked why, as long as the state owns abandoned land, the severed mineral interests couldn't escheat to the state? Senator Towe said that was another possibility. One reason is to help the survey owner so he would know who has what mineral interests.


Senator Elliott wondered if HB 8 could be amended down to take effect within a 5-year period. Senator Towe thought that would be risky. He thought maybe HB 8 could be added to SB 360. Senator Elliott asked if other states were doing this, and Senator Towe replied affirmatively. Two of those, Minnesota and Louisiana, are large mineral-producing states.

Senator Crippen asked Don Allen what the ratio of dry wells to successful wells was.

Senator McCallum, addressing Senator Towe, said there have been oil leases in his area. He asked if he was going to charge people for the minerals, whether or not they were there. Senator Towe said they are charging a fee for severing mineral interests from the land. He noted that Burlington Northern records its interests all the time.

Mr. Allen said thousands of people would be affected by this bill.

The meeting adjourned at 10 a.m.


Chairman

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 2/15 /83

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN		✓	
SENATOR LYNCH	✓		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

, 1983

TAXATION

VISITORS' REGISTER

NAME (PLEASE PRINT)	REPRESENTING	BILL #.	Check One	
			Support	Oppose
George [unclear]	INDEPENDENT CATHOLIC	SB 324	✓	
Mike Young	CITY OF MISSOULA	SB 324	✓	
Jim Van Arsdale	City of Billings	SB 281	✓	
Dennis Hemmer	Dept of State Lands	SB 340	✓ w/Amend	
C.D. "Bud" Beagle	Supt. Sch. Dist. # 23 Missoula	SB 384	✓ w/AMEND	
Don Waldron	Supt. School Dist #4 Missoula, MT	SB 384	✓ w/Amend -	
D. Mac Roberts	INDEPENDENT LANDMAN	SB 360		✓
ITM [unclear]	ITM [unclear]	SB 241	✓	
M.W. Gunnickson	UNITED TRANSPORTATION UNION	SB 247	✓	
Charles Gravelly	County Treasurers County Assessors	384		✓
John [unclear]	John [unclear]	384		✓
Bill [unclear]	Bill [unclear]	384		✓
John [unclear]	John [unclear]	384		✓
John [unclear]	John [unclear]	384		✓
John [unclear]	John [unclear]	384		✓
T. [unclear]	MT Farmers Union	360	X	
John [unclear]	Independent Landman	360	X	
Mac [unclear]	LEADER [unclear]	384	X	

(Please leave prepared statement with Secretary)

SENATE TAXATION COMMITTEE

EXHIBIT AFeb 15, 1983Senate BILL/RES. 281

February 15, 1983

STATEMENT PRESENTED BY JIM VANARSDALE, CITY COUNCILMAN, BILLINGS, REGARDING
SENATE BILL 281 BEFORE THE SENATE TAXATION COMMITTEE

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS JIM VANARSDALE AND I REPRESENT THE CITY OF BILLINGS AT THIS HEARING THIS MORNING. I AM HERE TO SUPPORT THE ENACTMENT OF SENATE BILL 281 SO THAT IT WILL BE POSSIBLE FOR ELECTED COUNTY COMMISSIONERS TO REFER TO THE VOTERS THE ISSUE OF A TWO CENT GASOLINE TAX. DURING THE PAST YEAR, WE COLLECTED THE NECESSARY 11,000 SIGNATURES IN ORDER TO HAVE THIS ITEM PLACED ON THE JUNE BALLOT. WHILE THE ITEM WAS DEFEATED, 11,980 TO 8,185, THE VOTE WAS VERY CLOSE WITHIN THE CITY AND WE FEEL, WITH SHARPENED LEADERSHIP IN THE UNINCORPORATED AREAS, WE CAN CONVINCE OUR ELECTORATE TO USE THIS METHOD TO FUND OUR STREET AND ROAD NEEDS. AS YOU MAY HAVE NOTICED, THE MONTANA HOUSE JUST RECENTLY ENACTED A BILL THAT WILL PROVIDE FOR A FIVE CENT INCREASE IN GASOLINE TAXES THROUGHOUT THE STATE. IN TIME, THE SENATE WILL CONSIDER THE SAME ISSUE AND WILL DECIDE WHETHER OR NOT THE USER FEE SHOULD BE IMPLEMENTED IN ORDER TO IMPROVE OUR STATE HIGHWAY SYSTEM. SENATE BILL 281 WOULD ALLOW LOCAL GOVERNMENT OFFICIALS TO TAKE RESPONSIBLE ACTION IN ORDER TO FILL THEIR REQUIREMENTS TO PROVIDE GOOD STREET SYSTEMS ON THE LOCAL LEVEL. WE ARE NOT ASKING FOR THE AUTHORITY TO LEVY A GASOLINE TAX WITHOUT THE VOTE OF THE PEOPLE, BUT ARE ASKING FOR THE ABILITY TO SUBMIT THIS QUESTION TO THE PEOPLE WITHOUT THE VERY LONG AND LABOROUS TASK OF COLLECTING THE 15 PERCENT OF THE SIGNATURES OF THE QUALIFIED ELECTORATE. I PERSONALLY PARTICIPATED IN THE COLLECTION OF THOSE SIGNATURES LAST YEAR AND KNOW THAT IT IS A VERY DIFFICULT JOB. I WOULD URGE YOU TO SUPPORT SENATE BILL 281 WHICH WILL PROVIDE ANOTHER TOOL TO LOCAL GOVERNMENT TO BE USED IN SOLVING LOCAL GOVERNMENT PROBLEMS AT THE LOCAL LEVEL.

THANK YOU.

Statement of the Montana League of Cities and Towns

SENATE BILL 281

THIS MEASURE HAS BEEN IDENTIFIED AS PRIORITY LEGISLATION BY THE LEAGUE OF CITIES AND TOWNS AND IS SUPPORTED BY THE 120 COMMUNITIES THAT ARE MEMBERS OF THE ORGANIZATION.

THE PURPOSE OF THIS BILL IS TO PROMOTE THE DIVERSIFICATION OF THE LOCAL GOVERNMENT TAX BASE AND TO PROVIDE THE FUNDS NECESSARY TO CONSTRUCT CITY STREETS AND COUNTY ROADS.

THE BILL WILL ALLOW LOCAL GOVERNING BODIES --- ELECTED CITY COUNCILS AND COUNTY COMMISSIONS --- TO REFER THE QUESTION OF IMPOSING LOCAL OPTION MOTOR FUEL TAXES DIRECTLY TO THE VOTERS.

UNDER PRESENT LAW, THE TWO CENT MOTOR FUEL TAX MUST BE APPROVED BY INITIATIVE. THIS PROCESS REQUIRES THE COLLECTION OF SIGNATURES REPRESENTING 15 PERCENT OF THE ELECTORATE IN THE COUNTY, AND FINALLY A VOTE OF THE PUBLIC ON THE QUESTION.

THE LEAGUE BELIEVES THE PETITION REQUIREMENT IS EXCESSIVE AND AN IMPEDIMENT TO THE EXPRESSION OF PUBLIC WILL ON ISSUE OF LOCAL OPTION FUEL TAXES.

AN INITIATIVE CAN BE QUALIFIED FOR THE BALLOT STATEWIDE IF PETITIONS ARE SIGNED BY FIVE PERCENT OF THE VOTERS IN 34 LEGISLATIVE DISTRICTS. TECHNICALLY, THIS MEANS THAT ONLY FIVE PERCENT OF THE REGISTERED VOTERS IN MONTANA COULD QUALIFY AN INITIATIVE FOR THE BALLOT WITH ONLY 24,000 SIGNATURES. AND IF THE PETITION REQUIREMENT WERE MET IN ONLY THE 34 ~~LEGISLATIVE~~ DISTRICTS, THE NUMBER OF SIGNATURES REQUIRED WOULD BE ABOUT 8,500.

IN YELLOWSTONE COUNTY LAST YEAR, NEARLY 12,000 SIGNATURES WERE COLLECTED TO MEET THE PETITION REQUIREMENTS SO THAT THE VOTERS COULD DECIDE THE QUESTION OF A TWO CENT MOTOR FUEL TAX.

THIS VERY HIGH PETITION REQUIREMENT IMPOSES UNNECESSARY COSTS AND COMPLICATIONS ON LOCAL GOVERNMENTS, AND IT COULD BE THE PRINCIPLE REASON THAT ONLY ONE OF MONTANA'S 56 COUNTIES HAVE ATTEMPTED TO IMPOSE THIS TAX.

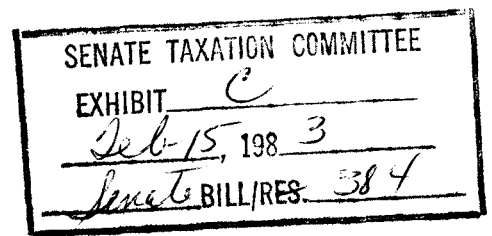
THE LEGISLATURE HAS THE AUTHORITY TO REFER QUESTIONS DIRECTLY TO THE ELECTORATE, AND THIS POWER HAS BEEN EXERCIZED TO GOOD EFFECT THROUGH THE YEARS.

THE TWO CENT GAS TAX IS THE ONLY LOCAL OPTION ALTERNATIVE AVAILABLE TO CITIES AND COUNTIES, AND WE ARE ASKING THAT THE POWER OF DIRECT REFERENDUM BE EXTENDED FOR THIS SINGLE, SPECIFIC PURPOSE.

IT IS NOT REASONABLE THAT PETITION REQUIREMENTS ARE HIGHER FOR LOCAL GOVERNMENTS. IT IS ALSO NOT REASONABLE THAT ELECTED LOCAL GOVERNING BODIES ARE DENIED THE RIGHT OF REFERENDUM. AND THIS BILL IS INTENDED TO ADDRESS THESE INEQUITIES.

IF THIS BILL PASSES, YOU WILL BE ELIMINATING A COSTLY, COMPLICATED AND UNNECESSARY STEP, BUT THE VOTERS WILL STILL MAKE THE FINAL DECISION ON THE QUESTION OF LOCAL OPTION MOTOR FUEL TAXES.

AMENDMENTS TO S.B. 384



Title

Page 1, line 10

Following: "YEAR"

Insert: "AND REQUIRING A REDISTRIBUTION OF TAXES AND FEES;"

Page 2, line 3

Following: "treasurer"

Insert: "at the request of the board of county commissioners,"

Page 2, line 13

Following: "treasurer"

Insert: ", at the request of the board of county commissioners,"

Page 2, line 16

Following: "assessor"

Insert: ", at the request of the board of county commissioners"

Page 2, following line 25

Insert: "(4)In addition to the determination of overcharges in subsection (1), the county treasurer shall, based upon the recalculated property tax levies, recalculate the disposition of taxes and fees pursuant to MCA 61-3-509 and increase or decrease the amount of motor vehicle fees in lieu of tax and personal property tax distributed to the several taxing jurisdictions in the county."

NAME:

C.D. "Bud Beagle"

EXHIBIT D

Feb 15

DATE

2/15/83

ADDRESS:

3311 Bancroft

Missoula

PHONE:

549-9239

REPRESENTING WHOM?

School Dist. #23
Missoula, Mt.

APPEARING ON WHICH PROPOSAL:

SB 384

DO YOU:

SUPPORT?

AMEND?

✓

OPPOSE?

COMMENTS:

Every County Superintendent
can readily figure what a school
district mill levy would have been
if the motor vehicle bill would not
have passed. Then when that
amount of mills is established
refund to that level only.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Feb 15, 1983

Senate Item 384

I have done extensive research on the motor vehicle tax refunds the past two months since the question surfaced in Missoula County.

I would like to share with you some facts concerning this question.

1. The County Commissioners and County Treasurer of Missoula County have decided to refund to the 1982 taxpayer monies that will be received by the district between January 1, 1983 and June 30, 1983. They would refund all of the flat fees collected by the county and approximately one-half of the state reimbursement to be received in March of 1983 from state sources.
2. Please see the revised mill levy that was sent to us from the County Superintendent on January 26, 1983. This shows the actual mill levy for 1981 taxpayer (1981-82 school year), what it would go to for the 1982 taxpayer (1982-83 budget), and the difference. I think you can see at a glance that mill levies would not have dropped that much if there would not have been a change in the law.
3. The mill levy for this district would have been approximately 34.8 mills for the 1982 taxpayer. (This can be documented.)
4. Please look at page marked Graph #1.
 - a. Squares "A" & "C" represent flat fees collected by Missoula County (50% before July 1st and 50% after July 1st-during calendar year 1982.)
 - b. Squares "B" & "D" represent state monies received by the district to reimburse taxpayers for revenue lost. (All monies for calendar year received in March 1982.)
 - c. Please refer to square "B". This shows that 50% of the state funds were used to make up the loff from January 1, 1982 to June 30, 1982. This was actually money that would have been lost because the 1981-82 budget did not get all the money it had anticipated. The 1982 taxpayer would have had to pick up this loss. The legislature didn't want that to happen so they reimbursed the district for that amount. Now the taxpayer has credit for 50% of one calendar year's payment.
 - d. Please refer to square "D". This is 50% of the state payment and is money beyond what was anticipated in the 1981-82 budget. Therefore this amount is reappropriated as cash on hand to reduce the 1982 taxpayer's bill. The 1982 taxpayer now has 100% of one year's state monies accounted for to keep his taxes even.
 - e. Please refer to square "A". This represents the flat fees collected at the county level before July 1, 1982 and were credited to the district just like other tax money.
 - f. Please refer to square "C". This money should have been used as anticipated revenue. This was not done. When you refund this portion only the 1982 taxpayer has 100% of the county flat fees accounted for for the calendar year 1982.

5. Now that the 1982 taxpayer has been given credit for 100% of state monies; 50% of the county flat fee monies; and refund only the second one-half of the county flat fees; the mill levy for this district is 34.2 mills.
6. Please note that square "E", "F", "G", and "H" show that the same process would be used for the 1983 taxpayer and the mill levy would be 34.2 mills again.

Summary of Graph 1 shows:

1. When 1982 taxpayer received credit for 100% of one year's state reimbursement and 100% of one year's county flat fee that mill levy remains constant for 1982 taxpayer.
2. When the same process is used for the 1983 taxpayer the mill levy would remain constant.
3. The 1982 taxpayer has been credited with 100% of one year's funds and the 1983 taxpayer has been credited with 100% of one year's funds. To this date that is all there is to talk about.
4. a. Mill levy for the 1982 taxpayer without a change in the law would equal 34.8 mills
b. Mill levy for 1982 taxpayer with change in law and given credit for 100% of one years funds 34.2 mills
c. Mill levy for 1983 taxpayer with change in law and given credit for 100% of one years funds 34.2 mills

I would respectfully submit that this procedure meets the very intent of the law.

This has been worked out for the larger school districts in Missoula County and all of them work exactly the same way.

Grand Total of High School and Elementary Districts

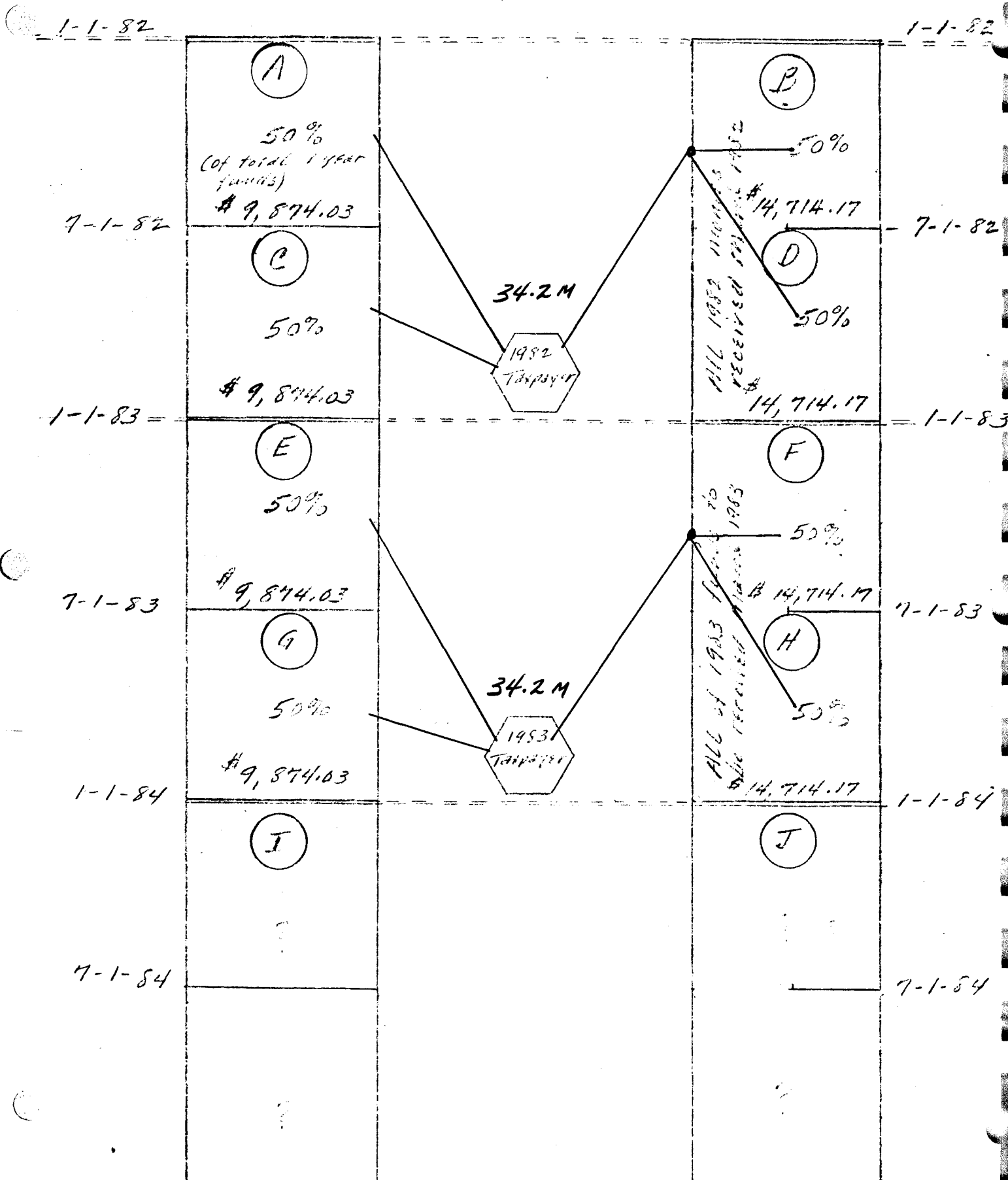
		<u>Actual</u> <u>1981-82</u>	<u>Revised & Ordered</u> <u>By Co. Comm.</u> <u>1982-83</u>	<u>Difference</u>
1	Missoula	117.58	100.59	-16.99
4	Hellgate	97.40	76.30	-21.10
7	Lolo	110.09	89.85	-20.24
11	Potomac	120.92	99.35	-21.57
*14	Bonner	97.99	87.47	-10.52
18	Woodman	96.08	86.81	-9.27
20	DeSmet	80.01	67.40	-12.61
23	Target Range	96.47	74.74	-21.73
30	Sunset	71.87	53.24	-18.63
32	Clinton	117.02	92.93	-24.09
*33	Swan Valley	94.48	97.93	+3.45
34	Seeley Lake	92.85	75.46	-17.39

* Not typical of other districts because of factor not affecting other districts.

Monies
Collected
By County

(% shows part of
1 full year total
funds)

State
Monies



Please refer to Graph No. 2

1. In addition to squares "A", "B", "C" and "D" that would be credited to the 1982 taxpayer Missoula County is proceeding with refunding square "E" and square "F". You can see that the 1982 taxpayer will get credit for 150% of one year's funds from the state and 150% of one year's funds from county flat fees. This causes the mill levy to go to 28 mills for this elementary school district. This is 6 mills less than the levy would have been with no change in the law. The monies for the 6 mills (squares "E" and "F") would deplete the districts cash reserve by that amount.
2. For the 1983 taxpayer the district would have to use:
 - a. Square "G" as anticipated revenues (which is the second one-half of the county flat fees).
 - b. Square "H" the monies left over from the 1983 state reimbursement as cash reappropriated.
 - c. Square "I" the first one-half of the 1984 flat fee monies from the county.
 - d. Square "J" the first one-half of the 1984 reimbursement (which has not at this date been appropriated or addressed by the legislature.)
 - e. The mill levy would go to 34.2 mills to meet the same budget requirements and if the cash reserve monies are replaced the mill levy would go to 40 mills.

I would respectfully submit to you that this procedure of refunding any 1983 monies to the 1982 taxpayer does not meet the intent of the law.

Without a change in the law the mill levy for the 1982 taxpayer would be -	34.8 mills
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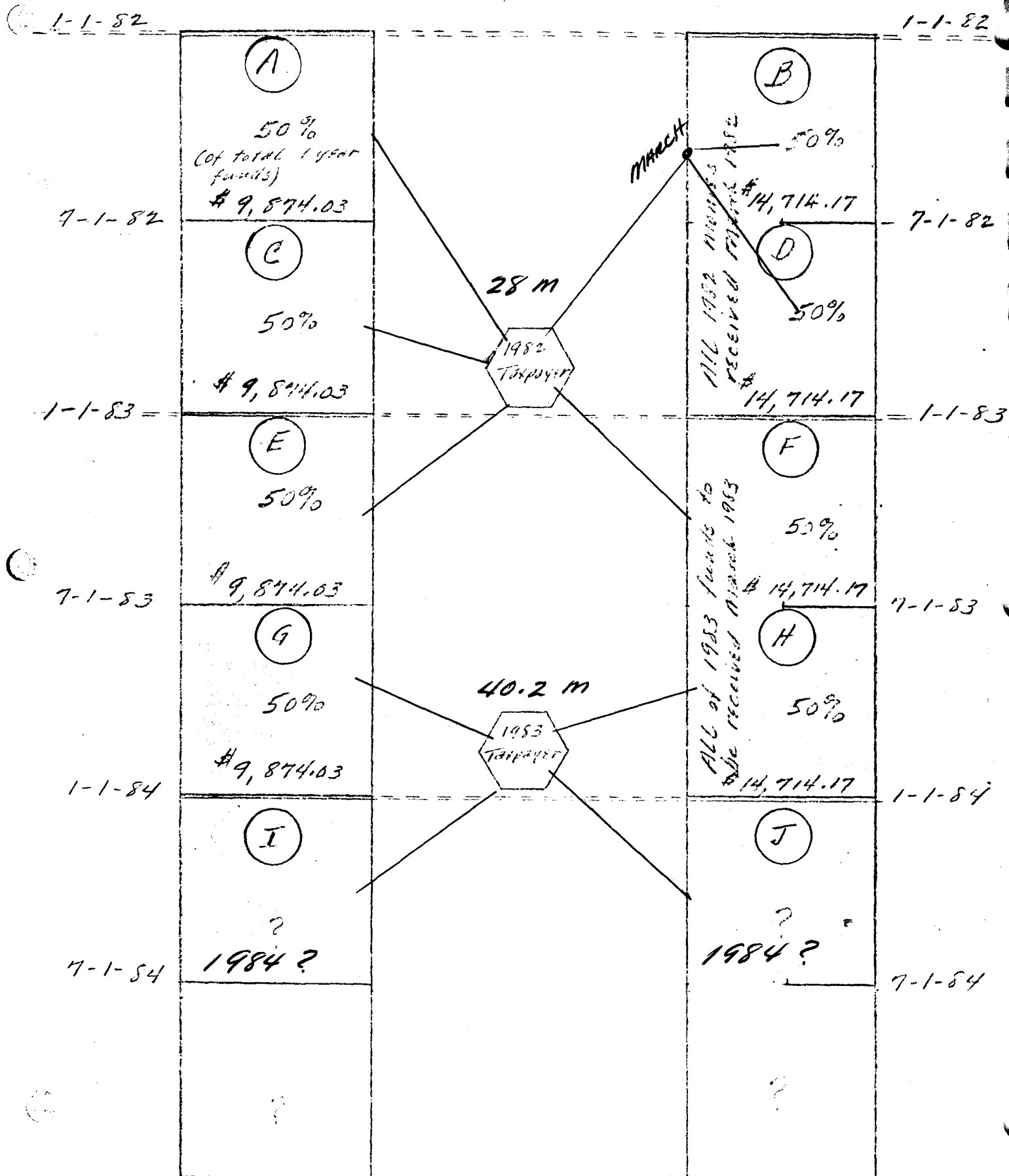
By refunding 1983 monies and depleting cash reserves the mill levy would be -	28.0 mills
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The mill levy for the 1983 taxpayer to maintain the same budget and the same cash reserve would be -	40.2 mills
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Monies
Collected
by County

(% shows part of
1 full year total
funds)

State
Monies



SENATE TAXATION COMMITTEE

EXHIBIT E

Feb 15, 1983

DATE: 2-15-83

Senate Bill - 384

NAME: DON WALDRONADDRESS: Hellgate Elem. 2385 FLYNN AVE, MDS/D. 59802PHONE: 728-5626REPRESENTING WHOM? Hellgate Elem. SchoolAPPEARING ON WHICH PROPOSAL: SB 384DO YOU: SUPPORT? ✓ with AMEND? ✓ OPPOSE?

COMMENTS: School budgets are different
from City & County - We operate on
A set budget approved - All monies received
are used to reduce levies the next year

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Feb-15, 198 3Senate BILL/RES-384

**Motor Vehicle Property Taxes
Fees and State Reimbursements**

Mill Levy Value		\$ AMOUNT RECEIVED IN PROPERTY TAXES	\$ AMOUNT UNDER FEE SYSTEM	\$ AMOUNT PAID BY STATE
27.28	BEAVERHEAD	\$ 418,578	326,401	92,177
1.94	BIG HORN	240,598	282,308	0
6.35	BLAINE	213,354	232,730	0
25.07	BROADWATER	178,836	141,685	37,151
15.95	CARBON	434,375	297,048	137,327
17.61	CARTER	114,788	89,345	25,443
42.36	CASCADE	3,790,466	2,226,180	1,564,286
3.80	CHOUTEAU	346,946	312,425	34,521
39.20	CUSTER	718,162	418,455	299,707
21.01	DANIELS	168,794	141,095	27,699
28.10	DAWSON	844,359	536,305	308,054
53.02	DEER LODGE	700,261	334,875	365,386
1.47	FALLON	174,042	199,815	0
33.17	FERGUS	737,065	469,015	268,050
36.30	FLATHEAD	2,907,517	1,814,875	1,092,642
39.14	GALLATIN	2,228,593	1,196,342	1,032,251
14.21	GARFIELD	92,654	71,205	21,449
8.43	GLACIER	379,162	298,875	80,347
12.76	GOLDEN VALLEY	33,276	29,660	3,616
30.26	GRANITE	160,600	121,305	39,295
19.31	HILL	863,937	642,315	221,622
37.79	JEFFERSON	411,078	244,705	166,373
15.32	JUDITH BASIN	149,692	130,770	18,922
28.82	LAKE	757,233	584,345	172,888
51.37	LEWIS & CLARK	2,811,106	1,827,219	983,887
5.66	LIBERTY	121,852	121,117	735
23.06	LINCOLN	751,627	577,385	174,242
22.00	MADISON	312,554	251,723	60,831
7.64	McCONE	88,033	77,585	10,448
23.76	MEAGHER	136,226	90,990	45,236
43.17	MINERAL	200,429	100,860	99,569
37.03	MISSOULA	4,605,483	2,385,515	2,219,968
7.06	MUSSELSHELL	206,747	172,420	34,327
40.17	PARK	716,049	489,106	226,943
11.16	PETROLEUM	32,151	34,503	0
6.98	PHILLIPS	229,783	219,620	10,163
15.27	PONDERA	361,942	280,980	80,962
1.90	POWDER RIVER	138,657	148,870	0
27.90	POWELL	320,171	207,085	113,086
16.17	PRAIRIE	100,689	79,620	21,069
44.31	RAVALLI	965,961	765,310	200,651
3.61	RICHLAND	521,830	577,680	0
6.42	ROOSEVELT	433,249	373,713	59,536
2.15	ROSEBUD	351,547	425,335	0
21.38	SANDERS	413,810	280,995	132,815
32.22	SHERIDAN	297,689	303,355	0
48.30	SILVER BOW	2,297,579	1,100,215	1,197,364
22.08	STILLWATER	308,408	245,330	63,078
25.88	SWEETGRASS	189,181	132,885	56,296
20.55	TETON	367,561	250,795	116,766
6.94	TOOLE	313,910	263,906	50,004
13.46	TREASURE	59,230	51,279	7,951
20.73	VALLEY	607,078	340,016	267,062
22.15	WHEATLAND	126,079	80,580	45,499
3.21	WIBAUX	92,893	85,110	7,783
33.01	YELLOWSTONE	6,472,261	3,726,425	2,745,836
19.06				
State	TOTAL AMOUNT	\$ 42,016,131	27,209,606	15,041,313
Average				

EXHIBIT 4Feb 15, 1983Senate Bill No. 247 DATE: 2/15/83

NAME:

James T. Mular

ADDRESS:

440 Roosevelt Dr, Butte mt 59701

PHONE:

(406) 494-2316

REPRESENTING WHOM?

Rwy Clerks

APPEARING ON WHICH PROPOSAL:

SB 247

DO YOU:

SUPPORT?

☒

AMEND?

OPPOSE?

SB 247
COMMENTS:

Clarifys The definition of RR Income for The years 1981 and 1982 which gives Rail/Road Retirees Equal Standing with Social Security Recipients. The 1981 Legislature overlooked RR Retirees as eligible for The Residential property Tax Credit.

This Bill would allow amended Returns for 1981-1982 - and Therafter Rail/Road Retirees would stand with existing Law.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT H

Feb-15, 1983

DATE: 2/15/83

NAME: Morris W. Gunnickson

Senate

247

ADDRESS: 323 So 6th Livingston MT. 59047

PHONE: 222-0318

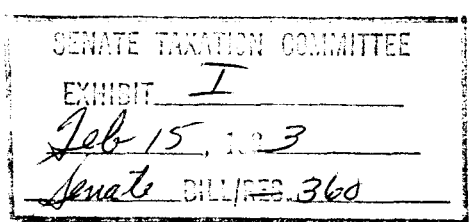
REPRESENTING WHOM? UNITED TRANSPORTATION UNION

APPEARING ON WHICH PROPOSAL: SB 247

DO YOU: SUPPORT? X AMEND? OPPOSE?

COMMENTS: U.T.U. REPRESENTS ALL OF THE OPERATING EMPLOYEES
(BRANEMAN - CONDUCTORS - SWITCHMAN - FIREMAN - ENGINEERS - AND
ALL OF THESE RETIREES.) THIS CLEARS UP THE DEFINITION
OF THE EXISTING LAW FOR THE YEARS 1981 & 1982 AND
POTS THE RETIREES ON EQUAL FOOTING WITH SOCIAL SECURITY
AND WOULD RETURN TAX OVER PAID IN 1981 & 1982 BECAUSE OF
THE OVERSIGHT ATth LEG. SESSION.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



1. Page 2, line 15.

Following: line 14

Insert: "NEW SECTION. Section 1. Definitions. As used in [this act], unless the context clearly indicates otherwise, the following definitions apply:

~~(1) "Severed mineral interest" means the interest that is created by a transfer by grant, assignment, reservation, inheritance, operation of law, or otherwise, of an interest of any kind in coal, oil and gas, or other minerals to any person other than the surface owner of the land in which that interest lies.~~

(1) "Severed mineral interest" means an interest in minerals owned by a person other than the owner of the surface of the land in which the mineral lies, excepting royalty interests, leases, and other contractual rights for development.

(2) "Minerals" means all forms and varieties of materials and substances formed or deposited in the crust of the earth by natural agencies alone, which have value when separated from the crust of the earth and excluding only water and common forms of sand and gravel."

2. Page 4, line 17.

Following: line 16

Insert: "(2) The provisions of [section 3] shall not apply to any mineral interests in lands from which minerals are being produced and taxes paid thereon pursuant to 15-35-103, 15-36-101, or 15-37-103, including any lands pooled or unitized with such producing lands and including, with regard to coal or other solid materials, lands containing a common vein or seam with such producing lands where the production is by the same owner or his lessee or permittee."

3. Page 5, line 8.

Following: line 7

Insert: "NEW SECTION. Section 5. Filing not to revive lost interests. Filing under [section 3] or registration under [section 4] serves only to preserve a severed mineral interest from adverse possession under the provisions of [section 7]. A lease or other terminable interest that has expired, lapsed, or otherwise been lost by its own terms or by operation of law is not revived thereby."

Renumber: subsequent sections.

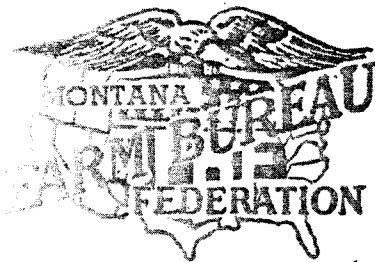
EXHIBIT J.Feb-15 1983Senate Bill 360DATE: 2/15/83NAME: Mons TeigenADDRESS: HelenPHONE: 442-3420REPRESENTING WHOM? Mt. Stockgrowers, Woolgrowers, CowbellsAPPEARING ON WHICH PROPOSAL: SB 360DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENTS: Severed minerals are of great concern to surface owners. The ever expanding proliferation of mineral interests to those who have really little interest in the land has increased the cost of abstracts to surface owners with no benefit to them.

The grandfather clause allows those holders of minerals to continue, but is applicable to those severed hereafter.

This proposal was explained to our Stockgrower Environmental Committee and was fully supported.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT J(1)Feb 15, 1983Senate 3602/15/83SB 360**MONTANA FARM BUREAU FEDERATION**

502 SOUTH 19th

Dial 587-3153

BOZEMAN, MONTANA 59715

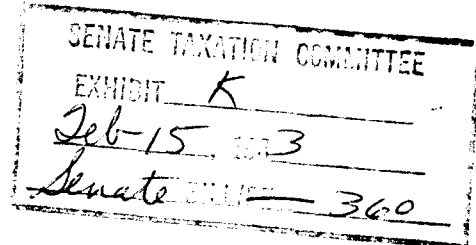
BILL NUMBER. SB 360DATE FEB 15, 83SUPPORT X OPPOSE _____ AMMEND _____NAME PAT UNDERWOOD

COMMENTS:

The Montana Farm Bureau has written policy which supports this kind of legislation. We urge a do Pass on SB 360

Patricia R. Underwood

TESTIMONY OF THE MONTANA MINING ASSOCIATION
BEFORE THE SENATE TAXATION COMMITTEE
REGARDING SENATE BILL 360
FEBRUARY 15, 1983



MR. CHAIRMAN, MEMBERS OF THE COMMITTEE.

MY NAME IS GARY LANGLEY, I AM EXECUTIVE DIRECTOR OF THE MONTANA MINING ASSOCIATION, WHICH REPRESENTS EVERY MAJOR PRODUCER OF NON-FUELS MINERALS IN MONTANA AS WELL AS SEVERAL EXPLORATION COMPANIES THAT WOULD BE AFFECTED BY SENATE BILL 360.

THE MONTANA MINING ASSOCIATION OPPOSES SENATE BILL 360.

SENATE BILL 360 REPRESENTS AN ENORMOUS TAX INCREASE THAT COULD COST SOME OF OUR MEMBER COMPANIES SEVERAL MILLION DOLLARS A YEAR.

IT ALSO REPRESENTS A TAX INCREASE ON AN INDUSTRY THAT ALREADY PAYS SOME HEFTY PRODUCTION TAXES AND CLEARLY--ACCORDING TO A RECENT REPORT ISSUED BY THE ENVIRONMENTAL QUALITY COUNCIL--CANNOT AFFORD ADDITIONAL TAXATION.

SENATE BILL 360 REPRESENTS A 1000 PERCENT TAX INCREASE FROM THE PRESENT RIGHT-OF-ENTRY FEE OF 2½ CENTS PER ACRE. AT THE SAME TIME, THE BILL PROPOSES TO REPEAL RIGHT-OF-ENTRY, MEANING A MINERAL OWNER'S RIGHTS ARE LESSENERED WHILE HE IS FORCED TO PAY A SUBSTANTIALLY INCREASED FEE.

THE TAX PROPOSAL UNDER SENATE BILL 360 IS ONE OF THE MOST IN-EQUITABLE IMAGINABLE. WHILE MOST MINERAL TAXES ARE BASED ON THE MINERAL OWNER'S ABILITY TO PRODUCE, THE TAX PROPOSED IN THIS BILL WOULD BE LEVIED WHETHER OR NOT THERE IS ANY PRODUCTION. THE TAX IS ALSO INEQUITABLE BECAUSE IT DOES NOT TAX THE PERSON WHO OWNS BOTH THE SURFACE AND THE MINERAL.

TESTIMONY

PAGE 2

WE REALIZE THERE IS A PROBLEM IN ATTEMPTING TO LOCATE THE OWNERS OF SEVERED MINERAL INTERESTS. A BILL TO MAKE AN HONEST ATTEMPT AT THIS ALREADY HAS PASSED THE HOUSE. HOUSE BILL 8 WOULD LOCATE OWNERSHIP WITHOUT PLACING AN INEQUITABLE TAX ON THE MINERAL OWNER.

THEREFORE, WE SUPPORT HOUSE BILL 8 AND OPPOSE SENATE BILL 360.

Feb-15, 1983

NAME: Michael E. Zimmerman Senate Bill 360 DATE: 2-15-83ADDRESS: 40 E Broadway, Butte MTPHONE: 723-5421REPRESENTING WHOM? Montana Power CoAPPEARING ON WHICH PROPOSAL: SB 360DO YOU: SUPPORT? AMEND? OPPOSE? X

COMMENTS:

(1) Annual filing is unnecessary and overly burdensome to severed mineral owners as well as to local government.

(2) The fee levied on the privilege of owning a severed mineral interest appears to be a substitute for a tax on the interest. A severed mineral interest is an expectation that is difficult to value. A more appropriate tax is tax on production obtained after the mineral interest is developed.

(3) The adverse possession provisions of the bill ^{may} result in "unjust enrichment" of the surface owner.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT MFeb 15 1983DATE: 2/15NAME: W. MAC ROBERTSADDRESS: Box 51 HELENAPHONE: 443-7250 443 5235

(SELF)

REPRESENTING WHOM? INDEPENDENT LANDOWNERAPPEARING ON WHICH PROPOSAL: SB 360DO YOU: SUPPORT? AMEND? OPPOSE? X

COMMENTS: THE ADMINISTRATION AND THE ADVERSE
POSSESSION OF THIS BILL ARE DIFFICULT TO
ADMINISTER. THE TIME OF ADVERSE POSSESSION OF
5 YEARS ^{IS POOR} WHEN THERE IS ALREADY A BILL INTRODUCED
TO THE LEGISLATURE WHICH WOULD REVERT THE
LAND TO THE SURFACE OWNER AFTER 20 YEARS

THE CONSTITUTIONAL QUESTION OF THIS BILL ALSO
WORRIES ME SINCE HOW CAN YOU TAX MINERALS
WHEN THERE IS NO PROOF OF MINERALS UNTIL
THEY ARE EXTRACTED.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Feb 15, 1933

Senate Bill 360

DEPARTMENT OF STATE LAND'S TESTIMONY ON SENATE BILL 360

BEFORE THE SENATE COMMITTEE ON TAXATION

The Department of State Lands does not oppose the intent of Senate Bill 360, but does propose that it be amended to exclude the State of Montana from the reporting requirements. The filing of state-owned severed mineral interests is unnecessary and would be costly.

Assuming that the State of Montana is a person, for purposes of this bill, the state would be required to file its interests with the county. This filing requirement would be time consuming and costly to the state since it owns thousands of acres of severed mineral interests and would not further the purpose of the bill. The state as the owner of a severed mineral interest is easily identifiable from county records and the state is always easy to find. These mineral interests do not become fractionalized, but remain in the hands of the state unless disposed of; at which time the new owner would have to comply with the filing requirements.

In light of the fact that filing would be costly to the state and would not further the purpose of the bill, the Department of State Lands urges the Committee to amend the bill. A proposed amendment is attached.

DEPARTMENT OF STATE LAND'S PROPOSED AMENDMENTS TO SENATE BILL 360

INTRODUCED BILL

Page 2, line 16

Following: "Any person"

Insert: ", except the State of Montana,"

WITNESS STATEMENT

SENATE TAXATION COMMITTEE	
EXHIBIT	0
Feb 15, 1983	
Senate Bill No. 360	

NAME W. L. Romaine BILL No. S.B. 360
 ADDRESS Helena DATE 2-15-83
 WHOM DO YOU REPRESENT Clerks & Recorders
 SUPPORT _____ OPPOSE _____ AMEND X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: The clerks do not take any position as to the theory of this bill. However, this bill has some problems as far as the clerks are considered. It seems to confuse the clerk & Recorder's office with the Treasurer's office. The ~~registration~~ fee referred to in the bill is really a tax. Taxes are generally collected by the Treasurer's office.

Also, the bill requires the clerks to prepare forms. It is difficult to determine if the form is to cover all mineral interests in the county, or if one form is to be used for each mineral interest.

Finally, it is unclear as to whether or not a third party, other than the land owner, can pay the delinquent taxes or whether the county can strike the mineral interest off to the county. If so, can the county sell the interest.