

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 14, 1983
Afternoon session

The sixty-eighth meeting of the Taxation Committee was continued at 1 p.m. in Room 415 of the Capitol Building, with Chairman Pat M. Goodover presiding.

ROLL CALL: All members were present.

DISPOSITION OF HOUSE BILL 755: Senator Towe moved that the following amendments be adopted:

Page 3, line 21
Following: "from"
Insert: "that portion of"

Page 3, line 22
Following: "liability"
Insert: "as set forth in [section 2(1)]"

The motion was seconded and passed, with Senators Crippen and Lynch voting no. (These are in addition to amendments previously adopted.)

Senator Towe moved that HB 755 BE CONCURRED IN AS AMENDED. The motion was seconded and passed, with Senator Elliott voting no. Senator Eck will carry the bill on the floor.

CONSIDERATION OF HOUSE BILL 925: Senator Towe recalled that Steven Wood had referred to taxing franchises. Montana doesn't tax franchises. (But Cort Harrington referred him to 15-23-101, MCA, which says they are centrally assessed.) Mr. Wood said this bill does not apportion railroad rolling stock. In section 13, we are apportioning the rolling stock to the counties. We thought it was best based on usage of the track. Mr. Wood said they would go into 51 counties and file lawsuits, and that in itself is discriminating against the railroads. In the federal Railroad Revitalization and Regulatory Reform Act of 1976 (Four R Act), section 306(2) says the United States district court has jurisdiction, provided however, it can't grant relief if the values are within 5% of the ratio of market value to assessed value. Mr. Wood referred to the Clinchfield case, a Fourth Circuit Court of Appeals case from North Carolina. That case establishes that real estate is treated as real estate and personal property is treated as personal property. This bill does exactly that. Senator Turnage recalled that the Department of Revenue had said they would not have the funds to implement this act until 1986.

Senator Crippen said he supported the theory behind the bill, but he had a problem with railroad property being appraised differently from the land someone might have adjacent to the railroad property. According to testimony, if we pass HB 925, we won't be in compliance with the Four R Act. We have had this for just a short time, and what we do to it will be a major step on our part. It will cost \$1.3 million for the Department of Revenue to move the effective date of this bill to January 1, 1984. Senator Crippen opposed that. He thought we should wait until after the study was completed to address this.

Senator McCallum agreed, and he moved to lay HB 925 on the table. The motion was seconded.

Senator Towe said it will take either a long time or a lot of money for the Department of Revenue to implement this. They should do it now. They have to accumulate the information. Once the bill is in place, the lawsuits can be filed. Otherwise, everything is postponed, and the local governments will be losing about \$7 million a year.

Senator Gage asked Senator Towe what would happen if, after the Department of Revenue spends two years gathering the information, the railroads say that is not what they want done. Senator Towe said the Department will need the information no matter which way they go. If it looks like they are going in the wrong direction, they will have a head start and can make modifications they feel necessary. Senator Norman wondered if the railroads would obtain an injunction to prohibit the collection of the information the Department needs to complete their study under the resolution. Dan Holman, from the Attorney General's office, said that was a decision Burlington Northern might make in their office.

Senator Lynch felt all of these matters could be handled in the study.

A roll call vote was taken on Senator McCallum's motion to lay HB 925 on the table, and the motion passed 12-3 (Exhibit A).

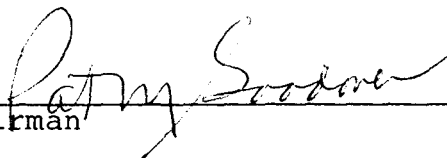
DISPOSITION OF HOUSE BILL 573: Senator Mazurek moved that HB 573 BE CONCURRED IN. The motion was seconded.

Chairman Goodover stated that an article appeared in today's Great Falls Tribune about his testifying as an opponent to HB 573 and being chairman of the committee before which the bill was heard. He subsequently spoke with Representative Ted Schye, the sponsor of the bill, and he told Senator Goodover that he was pleased with the treatment he received during the hearing of HB 573 and had no problem with Senator Goodover's turning the chair over to Senator McCallum and testifying as an opponent to the bill. Representative Schye was present at this afternoon's taxation committee meeting and reaffirmed Senator Goodover's remarks.

A roll call vote was taken on Senator Mazurek's motion that HB 573 BE CONCURRED IN, and it failed 7-8 (Exhibit B).

Senator Towe then moved that HB 573 BE NOT CONCURRED IN. The motion was seconded and a roll call vote was taken. The motion passed 8-7 (Exhibit C). Senator Etchart will carry the bill on the floor.

The meeting adjourned at 1:30 p.m.


Chairman

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 4/14/83

1:00 meeting

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	✓		

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Apr. 14, 1983 House Bill No. 925 Time 1:25

NAME	YES	NO
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	✓	

Secretary: Barbara J. Effing
Motion:

Chairman: Pat M. Goodover

McCallum's motion to lay the bill on
the table

STANDING COMMITTEE REPORT

April 14 19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration House Bill No. 755

Yardley (Eck)

Respectfully report as follows: That House Bill No. 755

third reading copy, be amended as follows:

1. Title, line 9.

Following: "APPLICABILITY DATE"

Insert: "AND AN IMMEDIATE EFFECTIVE DATE"

2. Page 3, lines 18 and 19.

Following: "costs"

Strike: remainder of line 18 through "4]" on line 19

3. Page 3, line 21.

Following: "from"

Insert: "that portion of"

4. Page 3, line 22.

Following: "liability"

Insert: "as set forth in [section 2(1)]"

XXXXXX

(Continued on page 2)

110

April 14

19 83

5. Page 4, line 3.

Following: "credit"

Insert: ", subject to the limitation of [section 3],"

6. Page 5, line 9.

Following: line 8

Insert: "[and the credits provided in SB 241]"

7. Page 5, line 10.

Following: "Section 9."

Strike: "Applicability"

Insert: "Effective and applicability date"

Following: "This act is"

Strike: "applicable for"

Insert: "effective on passage and approval and applies to"

9. Page 5, line 11.

Following: "December 31,"

Strike: "1983"

Insert: "1982"

And, as so amended

BE CONCURRED IN

Handwritten signature/initials

STANDING COMMITTEE REPORT

April 14 19 83

MR. **PRESIDENT**

We, your committee on **taxation**

having had under consideration **House** Bill No. **573**

Schye (Etchardt)

Respectfully report as follows: That **House** Bill No. **573**

third reading copy

BE NOT CONCURRED IN

~~DO PASS~~

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date Apr. 14, 1983 House Bill No. 573 Time 1:27

NAME	YES	NO
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	✓	

Secretary: Barbara J. Effing
Motion: 573

Chairman: Pat M. Goodover

Mazurek's motion that B C & (Be Concurred In).

ROLL CALL VOTE

SENATE TAXATION COMMITTEE
EXHIBIT C
APRIL 14, 1983
HB 573

SENATE COMMITTEE TAXATION

Date April 14 1983 House Bill No. 573 Time 1:28

NAME	YES	NO
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	✓	

Secretary: Barbara J. Effing
Motion:

Chairman: Pat M. Goodover

Towe's
Motion that 573 BTNCI (Be) Not Concurred
(In)

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