MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 8, 1985

The forty-fourth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 7:40 am, in Room 413-415 at the Capitol Building.

ROLL CALL: All members of the committee were present.

MOTION: Senator Halligan moved that SB 238 be tabled. The motion carried unanimously.

CONSIDERATION OF SB 400: Amendments were presented to the committee that would limit the total amount of subsidy available to any one company. Senator Mazurek said these amendments were prepared by Mr. Steve Brown in cooperation with the various parties.

MOTION: Senator Hirsch moved to amend SB 400 per Exhibit 1.

There was some discussion on the fiscal note. Question was called and the motion carried unanimously.

MOTION: Senator Mazurek moved that SB 400 do pass as amended. In discussion the committee decided that the definitions of gasohol were appropriate. The question was called and the motion carried unanimously.

CONSIDERATION OF SB 309:

MOTION: Senator Lybeck moved that SB 309 do pass. Senator Towe clarified for Senator Severson that it was not a check off, but a tax credit. Senator Lybeck said that as the Oregon regulations would be used the bill would not cost Montana administrative dollars.

Question was called. With Senators Severson, McCallum and Goodover voting no, and all others voting yes, the motion carried.

CONSIDERATION OF SB 386:

MOTION: Senator Mazurek moved that SB 386 do not pass.

MOTION: Senator Severson moved as a substitute motion that SB 386 do pass.

Question was called. Senators Hager, Lybeck, McCallum and Severson voted yes. Senators Brown, Eck, Goodover, Halligan, Hirsch, Mazurek, Neuman and Towe voted no. The motion failed.

Question was called on the motion that SB 386 do not pass. Senators Brown, Goodover, Eck, Halligan, Hirsch, Mazurek, Neuman and Towe voted yes. Senators Hager, Lybeck, McCallum and Severson voted no. The motion carried.

FURTHER CONSIDERATION OF SB 436: Exhibit 2 shows the amount of increase that would be allowed to account for inflation since those numbers were originally put into the code.

CONSIDERATION OF HB 54: Representative Bob Marks, House District 75, was recognized as chief sponsor of the bill. He said the bill would eliminate the opportunity for scalpers to take assignments on tax delinquent property. He said Exhibit 3 shows an example of the abuse allowed by the current system. He said the problem arises because the owner does not always get notice of taxes due either because it goes to a bank or because of a change of address.

This bill would put land up for sale after three years of delinquency and the proceeds would go to the county. He said it would be a benefit to the counties to pass this bill. He said it passed out of the House in good shape, and that last session the Senate had killed it. He said that if there were serious problems with the bill he would like to know them.

PROPONENTS

Mr. Charles Gravely of the County Treasurers Association spoke in favor of the bill. He said it would end the opportunity to make a business of picking up tax deed property. He favored allowing the county to take the property.

Mr. Gordon Morris of the Montana Association of Counties spoke in favor of the bill.

Mr. John Shontz, representing Richland County, said the purchaser of the deed may not be the owner of record and may never receive tax notice.

OPPONENTS

Mr. Mike Young, City Finance Director of the City of Missoula, said passage of the bill would create problems for the cities who are trying to use assignment as leverage with assignment to force developers to pay. He cited 18 cases where that had happened in Missoula forcing three developers to pay delinquent taxes on those 18 parcels of land. He said he understood the desire to protect against the scalpers and that the cities should be allowed to do the same as counties if the bill were passed.

Questions from the committee were called for.

Mr. Gravely said in response to questions that a tax sale is not required unless directed by the county commissioners. He said the right of redemption is about 36 months after the delinquency occurs. He said now the notice is sent to the last known address, the occupant, the mortgage holder, and those with assignments of interest. If the bill is not accepted, he said, the service of notice should be tightened. Now he said they must wait the 36 months after the delinquency.

Senator Eck asked if the school districts should be allowed to do this. Mr. Gravely said that would be questionable as tax dollars would have to be used to take the assignment.

Mr. Gravely said no individuals are taking tax assignments that the county is entitled to. He said that scalpers could still take it, but that they would get only eight percent interest on their investment.

Senator Goodover asked why the bill was tabled in the House Taxation Committee. Representative Marks said that they did not properly understand the bill and that after press and letters on the subject were received by the committee they passed it out the same day.

In response to a question by Senator Towe, Mr. Young said that the mayor of Missoula had issued a press release asking citizens to pick up these assignments.

Representative Marks closed saying that the bill does not address all the questions, but that it takes care of at least part of the problem.

CONSIDERATION OF HB 105: Representative Bob Marks, House District 75, was recognized as chief sponsor of the bill. He said that it was a bill that simply required the State Tax Appeals Board to render a decision within 180 days of hearing. He said that the drawn out appeals process is causing other taxpayers to pick up the slack and that other state agencies, such as the Public Service Commission has these kinds of deadlines to meet.

PROPONENTS

Mr. Dennis Burr of the Montana Taxpayers Association said that the Kaiser Cement appeal has caused frustration in Jefferson County. He said there is currently $1 million in protest account, and that is about $100 per capita for the residents of the county. He emphasized that the 180 limitation starts after the hearing date.

Mr. Gordon Morris of the Montana Association of Counties said that HB 105 would help STAB expedite matters in timely fashion. He said there is significant adverse impact to taxing jurisdictions when they have to wait for a long time for the money. He said the bill is not arbitrary and that MACO urged its endorsement.

Mr. Bob Longmire, Superintendent of Schools in Boulder, brought to the committee the written testimony of Mr. John Conners, Jefferson County Attorney (Exhibit 4). Mr. Longmire said the school budget was underfunded because of this tax protest. He said the accumulative effect is that delayed purchases and maintenance cost more but that the cash flow mandates the delays. He wanted quicker functioning of the state agency.

OPPONENTS

Mr. Robert Raundal, Chairman of the State Tax Appeals Board, said that more than 2000 appeals would be in violation if this bill were

now the law. He said the court had ruled that the 34 percent cases be handled individually. He said that drilling appeals were being held at the request of the parties negotiating the settlement. He said in 1983 there were 364 farm home appeals and those were being held because of action filed in district court. He said that Grace Co. has appealed their corporate license taxes and that while STAB is ready, the case is not. He said that Anaconda Minerals has filed a protest and gave the committee a newspaper clipping that said a year would be ambitious in terms of time for settlement and decision (Exhibit 5). The Board works as expeditiously as possible he said. They have requested more dollars to deal with the back-log created by the 34 percent cases. He said the committee should also look at the mandamus section of the bill for which the cost would be considerable.

Mr. Mike Garrity of the Department of Revenue appeared as an opponent of the bill. He said this is the end result of a problem, but the bill did not deal with the problem itself. He said STAB cannot be compared to any other quasi judicial body because it rides a circuit. He said that 180 days is not conscionable considering STAB's constraints of budget and personnel.

Questions from the committee were called for.

Senator Lybeck asked if protest tax dollars were invested. Mr. Burr said that they are and that the winner gets the whole pot. Mr. Burr said that only the amount protested is paid into that account.

In response to questions from Senator Eck Mr. Longmire said that for Montana City Elementary School District the amount in the protest account amounted to 40 percent of their budget. For him he said it was about 15 percent of the budget of Boulder High School. He said that six years ago he had $100,000 in reserve and that he will enter the next school year broke.

Senator Towe asked if STAB had enough money to do their job. Representative Marks said that clear distinction should be made in the elements of appeal. He said first is the time before the hearing. He said the deadline proposed by this bill would take effect only after the final hearing. Senator Towe asked how litigation would affect this. Representative Marks said that it would not. Senator Towe asked if STAB would be required to issue opinions even on cases in litigation. Representative Marks said that would be an exception to the rule.

Mr. Raundal said there is not a funding problem. He said that the problem is often in waiting for the courts to act. He said that a decision is required in 180 days after the receipt of a County Tax Appeals Board decision. He said that he sympathized with the Jefferson County problems and that more dollars to STAB would not correct that.

Mr. Dennis Burr said that Kaiser Cement was not a 34 percent case and that the hearing of the county board could be used in the decision.

Senator Towe asked Representative Marks if an adequate good decision was not more important than the deadline. Representative Marks said

it would be a guess on the odds to answer the question. He said that six months is an adequate time and that to wait longer would make it more difficult to decide as the hearing faded from memory.

Mr. Raundal said that if it was clear that the 180 days came after the hearing it could help. He said he didn't know any cases that had taken that long after the final briefing. He offered the committee Exhibit 6 which is a synopsis of the Kaiser Cement appeal.

Senator McCallum asked Mr. Ward Shanahan, attorney for Kaiser Cement, to discuss the case and he explained the issues and timing involved.

Representative Marks closed saying that if STAB had gotten these rulings out in a timely fashion then there should be no concern about the bill.

CONSIDERATION OF HB 101: Representative Dave Brown, House District 72, was recognized as chief sponsor of the bill. He said the bill would generate revenue and would allow for the licensing of motorcycles in a more fair way. He said that taxing motorcycles as property had resulted in their being very costly to license compared to cars. He said that was unfair because they are used only a few months a year, they are easier on roadways and they are more fuel efficient. He said it raises the lower end, and brings down the top end, making it acceptable.

PROPONENTS

Representative Bob Marks said that his concern is that four-wheelers currently fall into no category and cannot be licensed. He said that with this fee system more money would be generated and he would appreciate support for the bill.

Mr. Robert Culley of the Montana Motorcycle Dealers Association said the status quo is very unjust to owners of large bikes and that it needs to be changed.

Mr. Richard Clark said that he owns a motorcycle dealership. He said that the fiscal note is very incorrect in its percentage assumptions. He said the market has changed dramatically and about 70 percent of all bikes are over 500 ccs. He discussed the size of motorcycles and noted that small bikes are not being made so much anymore. He felt the bill would generate more revenue than the fiscal note indicated. He told the committee that now the fine for no license is $30 and the cost to license is sometimes over $500. He said that if a bike is licensed improperly that is a $30 violation. He said that bikes can be licensed out-of-state for about $10. Basically his testimony indicated that it was better to take the risk than license the bike. "Make up your own mind when you get to it," he said. He said that many bikes operate out of the system and that the bill would also help sales in a declining industry.

Mr. Dick Field submitted his testimony in writing (Exhibit 7).

Ms. Carol Snyder said that she is a motorcyle owner in favor of HB 101. She said that taxes on her Honda Goldwing are now $170.60.

Mr. Tom Taylor said that he owns two bikes one of which licenses for about $15 because it is old. "It is a five minute job to switch plates," he told the committee.

Mr. Melvin Beattie said that his new four-wheel drive truck licenses for about $99, while his bike cost much more than that. He submited Exhibit 8 to the committee.

Mr. Adolph Clements said that plates for his new Honda Goldwing cost $459 and that his other three vehicles which he uses much more do not even total that to license.

Mr. Jeff Whorl rose in support of HB 101.

OPPONENTS

Mr. Charles Gravely of the Montana County Treasurers Association and the Montana County Assessors Association said they are on record in opposition to HB 101. He said it is another example of the constant erosion of the county tax base. He said that everything based on valuation becomes less. He said the problem came from putting campers and motor homes on a flat fee system. He said originally the fee system was said to be only for the prime mode of transportation and now that is being extended to everything else.

He said a person out of the country in the service can sign an affidavit and not pay back taxes to relicense the vehicle. He said the plate changing would go on with a fee system as well.

Questions from the committee were called for.

Senator Severson asked who would pay the amount indicated in the fiscal note. Representative Brown said that those turned away from a chance to pay, those licensing off-the-road vehicles and those on the bottom end. Senator Severson said it was giving the big guy a break and hurting the small guy.

Representative Brown closed saying that Mr. Gravely's arguments were specious. He said he understood the philosophical argument, but that the reality was unfair. He said at worst the bill will be a wash in terms of revenue and would be more fair to the motorcycle owner.

CONSIDERATION OF HB 122: Representative Dave Brown, House District 72, was recognized as chief sponsor of the bill. He said the bill would allow property tax incentives for new and expanding industries. He said it was an economic development tool. He walked the committee through the provisions of the bill, noting that the school district could veto the incentive which would be passed in resolution form by another unit of local government.

PROPONENTS

Mr. Darrell Lee, Executive Director of the Butte Local Development Association, said they support HB 122. He said this would create a new tax base and would allow longer employment periods for workers. He submitted written testimony (Exhibit 9).

Mr. Gary Langley, Executive Director of the Montana Mining Association, said the bill will encourage industry (Exhibit 10).

Mr. Don Allen of the Montana Wood Products Association said the bill will help the timber industry remain competitive.

Mr. Don Peoples, representing the Montana League of Cities and Towns and speaking also as the Chief Executive of Butte/Silver Bow, said they ask for passage of the bill.

Mr. James D. Mockler, Executive Director of the Montana Coal Council, said that in the mining industry the front end costs are very high and this would help mines get started.

Mr. Mike Micone, Western States Trade Association, said that this tool would be an effective way the state could help local government.

Mr. Ted Rollins, ASARCO, said that the investment of his company in the Rock Creek Project would be about $130 million but would net the community 350 jobs for about 20 years. He said this kind of bill would be a signal to his company to proceed.

Ms. Janelle Fallan said the Montana Chamber of Commerce wanted to be on record in support of HB 122.

Mr. Ward Shanahan said the fiscal note indicated that the current incentive statutes had not been used by anyone since it was enacted.

Mr. Dave Goss, Billings Chamber of Commerce presented (Exhibit 11) an article by Mr. Wally Olson.

Representative Bob Bachini, House District 14, said he supported the bill.

Mr. Joe Weggemen, Helena Chamber of Commerce, supported the bill.

Mr. Carl Knutson, Brothers of the Maintenance of the Way, supported the bill.

Mr. Geoff Quick, Missoula Chamber of Commerce, supported the bill.

Mr. John Shontz, Richland County and Glendive area, said that they supported the bill in combination with HB 26 and that the two could be combined but were not mutually exclusive.

Ms. Pat Wilson, Montco/Thermal Energy, supported the bill (Exhibit 12).

OPPONENTS

Mr. Phil Campbell of the Montana Education Association said the bill's future implications for local schools were important. He said if the school district had veto power over the offering of the incentive they could possibly support the bill.

Mr. Dan Bucks, Deputy Director of the Department of Revenue, said the Department had a number of concerns with the bill. He said that

local government could not spend its way to prosperity. He submitted study after study by reputable national organizations that said that tax incentives don't work and that the real relief goes to the federal government who picks up a greater share of the available tax dollar.

He said other problems include: 1) The scope of the bill is too broad. He said it could include anything for which a construction permit was granted. 2) He said tax incentive is already provided in the Class 5 of the property tax classification. 3) Ten years is too long a tax break as the life of some mining operations is only 10 to 13 years. 4) The bill would be retroactive in effect to July 1, 1981, and that there already was litigation around these matters. 5) He said that time would not allow full discussion of the administrative problems with the bill.

He then quoted the Constitutional Convention record saying that local assessment was an evil and subjected local officials to blackmail. He noted that there was no policy criteria in the bill to help those people.

Chairman Towe asked Mr. Ken Parris to come back on Monday to testify in opposition as no time remained. He asked Representative Brown if he would return to the committee Monday to close on the bill.

The meeting was adjourned by Chairman Towe at 10:05 am.

Thomas E. Towe

Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date 8 March 85

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown	✓		
Senator Eck			
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan			
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman			
Senator Severson	✓		
Senator Towe	✓		

DATE March 6, 1985

COMMITTEE ON Taxation page one of two

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
W R Miles	Self	101	✓	
Robert Cullen	Montana Dealers Group	101	✓	
T M. Rollins	ASARCO INC	122	✓	
Darryl Lee	Butte Local Dev. Corp.	122	✓	
R.C. Clark		101	✓	
Mrs Sherry L. Clark		101	✓	
Joe Weggenman	Hln Chamber of Comm	HB122	✓	
Michael G. Garrity	Dept. of Revenue	HB105		✓
Robert Lammey	Boulder Cnty. Sch.	HB105	✓	
G. Morris	MAG	HB 105, 122 11 54	✓	
Dick Field	Helena Motorcyclists	HB101	✓	
Jeff Ward	Helena Motorcyclist	HB101	✓	
Ralph Steinhilber	Butte Miners	HB101		
W E Jenewein	Helena Rot	HB 101	✓	
Dave Brown	Butte-Sponsor	101	✓	
Dave Brown	Butte sponsor	122	✓	
Dave Goss	Billings Chamber of Commerce	HB122	✓	
Carol Snyder	self	HB101	✓	
John Connor	Jefferson County Attorney	HB105	✓	
Jim Mockler	Mt. Coal Council	HB122	✓	
Dan Buder	Dept of Revenue	HB122		✓
Tom Taylor	Butte MT	HB101	✓	
Helen Beattie	Helena	HB101	✓	
Janelle Fallon	Mt Chamber	HB122	✓	
Edward Shanahan	Chevron Corp	HB122	✓	
Mike Young	City of Missoula	HB354		✓

(Please leave prepared statement with Secretary)

DATE March 8, 1985

COMMITTEE ON Taxation page two of two

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One Support	Check One Oppose
Tom Ebzery	Nerco Mining Co	122	✓	
Ken Williams	Western Energy	122	✓	
Ray Tilman	Anaconda Minerals	122	✓	
Don Allen	Mt. Wood Products Assn	122	✓	
Mike Micone	WETA	122	✓	
Charles Lewis	Co Treasurer & Assessors	101		✓
" "	" "	54	✓	
Mary Langley	Mt. Mining Assn	122	✓	
Pat Wilson	Montco / Thermal Energy	122	✓	
John Shrode	Richland CTY	122	X	
Phil Campbell	MEA	122		

(Please leave prepared statement with Secretary)

(This sheet to be used by those testifying on a bill.)

NAME: CAROL SNYDER DATE: 3/8/85

ADDRESS: 838 LOGAN, HELENA

PHONE: 443-1704

REPRESENTING WHOM? SELF

APPEARING ON WHICH PROPOSAL: HB 101

DO YOU: SUPPORT? ✓ AMEND? _____ OPPOSE? _____

COMMENT: Current taxes on motorcycles are unreasonably high, especially when you consider that taxes are paid for a full year when actual usage is only approximately 6 months

In School District #1, the taxes on a 1983 Honda Gold Wing are $170.60 this year. Thus, it costs more in taxes for a 3 year old motorcycle than for a 1985 car.

The 1984 Motorcycle Statistical Annual states that in 1983, 71% of highway motorcycles were over 450 cc

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Richard C Clark DATE: 3-8-85

ADDRESS: 1717 Colorado Gulch Helena MT 59601

PHONE: 443 5956

REPRESENTING WHOM? Harley Davidson of Helena

APPEARING ON WHICH PROPOSAL: HB 101

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENT: Fiscal Note is incorrect
Much more money will be collected than
Anticipated

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: ROBERT L. CULLEY DATE: 3/8/85

ADDRESS: 1624 Mollins

PHONE: 442-9404

REPRESENTING WHOM? MONTANA MOTORCYCLE DEALERS ASSOCIATION

APPEARING ON WHICH PROPOSAL: HB 101

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENT: WE THE MOTORCYCLE DEALERS OF THE STATE OF MONTANA would LIKE TO GO ON RECORD AS TOTALLY SUPPORTING House Bill # 101.

WE COLLECTIVELY FEEL THAT THE TAXATION OF MOTORCYCLES is PROHIBITIVE AND VERY UNFAIR NOT ONLY TO THE MOTORCYCLE INDUSTRY BUT THE MONTANA People THAT OWN THE MACHINES.

Thank You
Robert L. Culley

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

February 28, 1985

Senate Taxation Committee
49th Montana Legislature
Capitol Station
Helena, MT 59620

Dear Sirs:

I would like this letter to be considered as written testimony on HB-101. I am in support of this bill with amendments. I believe motorcycle licenses should be changed to a flat fee system. We are paying too much for our licenses. We are more energy efficient than cars, we are easier on the roads and I feel the current system is discriminating against motorcyclists. When the fiscal note for this bill was prepared the assumption was made that 46% of motorcycles in this state were over 500cc's. This assumption was credited to the Dept. of Motor Vehicles. Checking with the research person at this bureau in Deer Lodge, I find they keep no such records. There are reliable sources for this kind of information. The 1984 Motorcycle Statistical Annual, prepared by the Motorcycle Industry Council, states that 71% of the motorcycles in this country are over 500cc's. This means that we are going to see an even larger increase in revenue from this bill than had been suspected. Why not make this bill more equitable by lowering fees for the older and smaller motorcycles? I urge you to consider these figures more closely. Thank you.

Sincerely,

Jane Smilie

Jane Smilie
1127 5th Ave.
Helena, MT 59601

cc: Sen. Joe Mazurek
Sen. Dave Fuller

NORTHERN LIGHTS TOURING ASSOCIATION
1127 5th Ave. helena, MT. 59601
(406) 444 5622
442 0737

c/o Dal Smilie
AMA Road Rep. 524
AMA NW Region Trustee

TO BE ENTERED A TESTIMONY FOR MARCH 8. HEARING ON HB-101

Thomas Towe, Chairman
Senate Taxation Committee
49th Montana Legislature
Capitol Station
Helena, MT 59620

RE: HB-101

Chairman Towe:

I write to support the passage of HB-101 with ammendments. There is a real need and desire for a flat fee license plan for motorcyclists. HB-101 provides for a flat fee but its figures are to high. The flat fee should be set out so it is not a tax increase and further so that it does not lose revenue for the state.

The fiscal note for HB-101, as amended, assumed that 46% of Montana's motorcycles were over 500cc, the Motor Vehicle Division was given as a source. My inquiries with the Division's research person in Deer Lodge demonstrated that they do not know these kinds of figures, the figures are a total assumption. Deer Lodge does not even know how many motorcycles there are because many are lumped into the category of "vanity plates" of which there are over 40,000, nobody knows which of those 40,000 are boat trailers and which are motorcycles. The 1984 Motorcycle Statistical Annual compiled and edited by the Motorcycle Industry Council's Research and Statistics Department at 3151 Airway Ave., Bldg. P-1, Costa Mesa, California 92626, states that in 1983 71% of the highway motorcycles were over 450cc. This is above the 1982 figure which was 67.6%. Clearly the revenue increase shown in the fiscal note is understated. The fee system should be amended to reflect a revenue wash.

There is a real need to change to a flat fee schedule. Calls to the Assessor's office in Helena to check license fees in School District #1 illustrated the following costs:

1985 Limited Edition Honda Goldwing	$459.95
1984 Honda GL	206.98
1985 BMW K100RT	285.17
1984 BMW R100RT	183.15
1985 Harley with sidecar	452.53

The Registrar's Bureau shows a decline in motorcycle ownership of 1279 between 1982 and 83 and 2031 between 1983 and 84. Presently there are 48,901 titled motorcycles in Montana of which 17,756 are not currently registered, remember the motorcycle figures which have been "lost" within the vanity plate class. By setting a flat fee and amending the schedule in HB-101 to reflect a revenue wash there is a potential to increase tax revenue by inducing greater registration.

Considering how low automobile license fees are it is clear that the motorcycle, a seasonal transportation vehicle, is grossly overtaxed. This confiscatory taxation scheme on the newer and larger motorcycles is harming the 82 motorcycle dealers in the state who employ 593 persons. This industry created a payroll of $8,637,000 in 1984. Beside the direct effect on these businesses the tax system affects the 48,901 motorcyclists. Industry figures estimate 24,451 untitled off-road motorcycles in the state. Adding both road and off-road together and counting three persons per household there may be 220,056 Montanans with a motorcycle in the household. On behalf of these Montanans I urge you to provide an equitable tax rate for motorcyclists. Please support and amend HB-101.

Montana's motorcyclists and dealers are more than willingto carry their fair share of the state's tax costs. However a tax structure like the present where taxes can be five times that of automobiles is tremendously unfair. The inflating costs of new vehicles in recent years has caused license fees to rise greatly causing many motorcyclists and their dealers to go broke.

Sincerely,

Dal Smilie

PROPOSED AMENDMENTS TO S.B. 400

1. Page 6, line 3:

Following: "subsections (3)"
Insert: ","

2. Page 6, line 4:

Strike: "and"
Following: "(4)"
Insert: "and (5)"

3. Page 8, line 11:

Following: line 11
Insert: "(5) No alcohol distributor may receive tax incentive payments under subsection (2) which exceed $1,300,000 in any consecutive 12-month period beginning April 1, 1985 except as follows. If total tax incentive payments to all eligible alcohol distributors in any consecutive 12-month period beginning April 1, 1985 do not reach the percentage of production maximums in subsection (3), or the maximum dollar amount in subsection (4), an alcohol distributor who has received the maximum payment of $1,300,000 as herein provided may receive additional tax incentive payments subject to the percentage of production maximums in subsection (3) or the maximum dollar amount in subsection (4)."

1974	1985
2,400	4,528
3,600	6,792
4,800	9,056
18,000	33,959

If base value represent 1980 levels

1980	1985
2,400	2,944
3,600	4,416
4,800	5,888
18,000	22,079

Inflated using implicit price deflator for personal comsumption expenditures.

PCE	1974 = 116.4	1.8866
	1980 = 179.0	
	1984 = 219.6	1.2266

The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

REPRESENTATIVE ROBERT L. MARKS
REPUBLICAN HOUSE LEADER
HELENA ADDRESS:
CAPITOL STATION
HELENA, MONTANA 59620
HOME ADDRESS:
302 LUMP GULCH
CLANCY, MONTANA 59634

COMMITTEES:
LEGISLATIVE COUNCIL
RULES

February 16, 1985

Rep. Gerry Devlin, Chairman
House Taxation Committee

Dear Gerry and Members of Taxation Committee:

Earlier in the session you had before you House Bill 54. HB 54, which I sponsored, prohibits speculators (scalpers) from taking assignments on delinquent property taxes.

The bill was tabled, maybe because of a lack of understanding of the issue. The real problem created by the law as it exists allows the "scalpers" to come in to county courthouses, determine tax payments which are delinquent and they then pay the tax and penalty and get an assignment on the property. Many times this happens to persons who are elderly and who through lending institutions (mortgagees) think their taxes are being paid by the mortgagee or lending institution. In many of these cases the property owner does not receive tax notices or notices of delinquencies.

HB 54 would allow the county, through the normal process after three years of delinquency, to sell the property after thorough owner search and legal advertising. The proceeds would then go to the county and not to some "scalper" who noses through the county records for his personal gain.

Some recent occurrences have indicated that this practice is continuing (see attached nespaper articles).

I hope you will reconsider your action in tabling HB 54 and pass it out of committee.

Thank you for your consideration in this matter.

Sincerely,

Robert L. Marks

RLM:mpb

Encls.

Exhibit 3 -- HB 54
March 8, 1985

to give up his interest in the property by quitclaim deed and to do so for a minimal payment. Other individuals have not been so fortunate. Several months were consumed from the date Mr. Luraski first noted the problem in August 1982, until February 1983 when final documents were filed and the matter could truly be said to have been laid at rest.

HB54 provides for repeal of sections 15-17-208, MCA and 15-17-303, MCA, and other necessary amendments. By repeal speculator's in tax deeds lose an easy method of acquiring an interest in local resident's real property, yet local governments maintain flexibility to dispose of real property acquired by deed, when that property has truly been lost by failure of the owner to pay taxes.

I support HB54 and urge you to puruse it.

Respectfully,

F. Woodside Wright

F. WOODSIDE WRIGHT

/al
cc: Donald Luraski

F. Woodside Wright
Attorney at Law
28 North Last Chance Gulch
P.O. Box 1242
Helena, Montana 59624
Telephone: (406) 449-6022

January 11, 1985

Representative Robert Marks
House of Representatives
State of Montana
Capitol Station
Helena, MT 59620

Re: House Bill 54

Dear Representative Marks:

It is my understanding that a hearing with regard to House Bill 54 was held on the 9th of January, 1985. Due to a conflict in scheduling, I was unable to attend that hearing, thus, I would like to submit this letter to you for your consideration and use in conjunction with your support of House Bill 54.

As you know, I am an attorney practicing in Helena. I represented Donald Luraski in his difficulties with regard to a tax deed on his real property. A speculator in tax deeds had purchased his property and was in process of perfecting ownership.

Mr. Luraski was fortunate in that he was told of the last required published notice before he would have lost his property by tax deed. Don was able to redeem the property by payment of the outstanding taxes and penalties. If Don had not learned of that notice and proceeded immediately, it would have been necessary for him to initiate a legal action to recover his property. While he may well have prevailed in the action due to technical problems in the notice filed by the tax deed purchaser, such action would have been avoided if notices were sent initially to the proper persons. The problem would also be alleviated by removing the statutory authorization for local governments to assign the underlying document.

Throughout the process, the tax deed purchaser met the bare legal requirements of the statutes. Further the local county offices followed the statutory legal requirements, yet Don, as owner of the property, had no actual notice that his property was sold for taxes to someone else until extremely late in the process. There are others in the same or similar situation. If Mr. Luraski had been properly informed and still had not fulfilled his duty, then I don't believe a remedy would be required. However where a citizen acts without fault and still can lose his property something should be done.

As I mentioned earlier, Mr. Luraski was reasonably fortunate in this situation. He was able to convince the tax deed purchaser

I.R. 2-13-85

Arizona man again claims title to locals' land

By MICHAEL CRATER
IR Staff Writer

Twenty-four Lewis and Clark County landowners are in danger of losing their property if they don't act quickly.

Clifton Dillon of Mesa, Ariz., has paid the landowners' unpaid property taxes for them, and if they don't redeem the land by March 8 he gets it.

If they want to redeem their land, which is probably worth much more than the taxes he paid, they have to contact the county treasurer at 443-1010.

And then they'll have to pay Dillon back, plus give him an 8 percent profit.

Dillon doesn't have to inform the people that he's about to walk away with title to their land. He has to run ads, and he has to send a letter to their "last known address," but many people never read the ads or receive the letter.

Dillon paid back taxes and attempted to claim title on a large number of parcels around Helena in late 1983, and only through a story in the Independent Record did some of the landowners learn about it.

Here are the names of the people whose land Dillon has recently paid overdue taxes on, just in case they haven't heard:

James Hasenohrl, Gilbert Zimbelman, Katherine E. Moore, Larry and Laura Gaalswyk and Dave and Vana Junkin; Josephine Cope, James R. Gist, and Kenneth R. Barber; Mark and Joan W. Young and the First Manhattan Christian Reform Church; Terry French, Charles E. Petja and Joyce Andrus; Hamlin Construction; Lewis and Pearl Ann Dorman; Old National Bank of Washington, James Brinkman, Ruby N. Hazzard, Huey Hazzard and Edgar Hurd.

The taxes Dillon has paid are more than three years overdue. It's just an average year for Dillon, who is one of three out-of-state men who speculate in Lewis and Clark County tax deeds.

A NOTICE OF CLAIM OF A TAX TITLE

I, Clifton E. Dillon, do hereby give notice of a claim of tax title to the following property particularly described as:

Young Tracts Minor Subdivision: Lot 5.

That the amount due on said property for taxes, interest, and penalties is $622.61.

That for further particulars reference can be made to the records in the office of the Lewis & Clark County Treasurer. That demand is hereby made upon Mark & Joan W. Young & First Manhattan Christian Reform Church to within 30 days after the first publication of said notice, pay to claimant or to the county treasurer to his use the amount of the taxes, interest, and penalties as the same may appear in the records of the county treasurer or bring a suit to quiet title or set aside said tax deed.

Clifton E. Dillon
P.O. Box 7113
Mesa, Arizona 85206
February 8, 15, 1985

A NOTICE OF CLAIM OF A TAX TITLE

I, Clifton E. Dillon, do hereby give notice of a claim of tax title to the following property particularly described as:

Marysville: W½ of Lots 13 & 14 Block 9

That the amount due on said property for taxes, interest, and penalties is $512.49.

That for further particulars reference can be made to the records in the office of the Lewis & Clark County Treasurer. That demand is hereby made upon Terry French, Charles E. Petja & Joyce E. Andrus to within 30 days after the first publication of said notice, pay to claimant or to the county treasurer to his use the amount of the taxes, interest, and penalties as the same may appear in the records of the county treasurer or bring a suit to quiet title or set aside said tax deed.

Clifton E. Dillon
P.O. Box 7113
Mesa, Arizona 85206
February 8, 15, 1985

A NOTICE OF CLAIM OF A TAX TITLE

I, Clifton E. Dillon, do hereby give notice of a claim of tax title to the following property particularly described as:

Rosemary's Addition Roads & Parks Section 24 Twp. 11 Rge. 4.

That the amount due on said property for taxes, interest, and penalties is $664.53.

That for further particulars reference can be made to the records in the office of the Lewis & Clark County Treasurer. That demand is hereby made upon Hamlin Construction & Development Co. to within 30 days after the first publication of said notice, pay to claimant or to the county treasurer to his use the amount of the taxes, interest, and penalties as the same may appear in the records of the county treasurer or bring a suit to quiet title or set aside said tax deed.

Clifton E. Dillon
P.O. Box 7113
Mesa, Arizona 85206
February 8, 15, 1985

A NOTICE OF CLAIM OF A TAX TITLE

I, Clifton E. Dillon, do hereby give notice of a claim of tax title to the following property particularly described as:

Helena School tracts: N 150' of E½ of Lot 31

That the amount due on said property for taxes, interest, and penalties is $577.58.

That for further particulars reference can be made to the records in the office of the Lewis & Clark County Treasurer. That demand is hereby made upon Lewis & Pearl Ann Dorman to within 30 days after the first publication of said notice, pay to claimant or to the county treasurer to his use the amount of the taxes, interest, and penalties as the same may appear in the records of the county treasurer or bring a suit to quiet title or set aside said tax deed.

Clifton E. Dillon
P.O. Box 7113
Mesa, Arizona 85206
February 8, 15, 1985

A NOTICE OF CLAIM OF A TAX TITLE

I, Clifton E. Dillon, do hereby give notice of a claim of tax title to the following property particularly described as:

Young Tracts Minor Subdivision: Lot 4.

That the amount due on said property for taxes, interest, and penalties is $631.37.

That for further particulars reference can be made to the records in the office of the Lewis & Clark County Treasurer. That demand is hereby made upon Mark & Joan W. Young & First Manhattan Christian Reform Church to within 30 days after the first publication of said notice, pay to claimant or to the county treasurer to his use the amount of the taxes, interest, and penalties as the same may appear in the records of the county treasurer or bring a suit to quiet title or set aside said tax deed.

Clifton E. Dillon
P.O. Box 7113
Mesa, Arizona 85206
February 8, 15, 1985

A NOTICE OF CLAIM OF A TAX TITLE

I, Clifton E. Dillon, do hereby give notice of a claim of tax title to the following property particularly described as:

Youngs Tracts Minor Sub: Lot 3

That the amount due on said property for taxes, interest, and penalties is $671.37.

That for further particulars reference can be made to the records in the office of the Lewis & Clark County Treasurer. That demand is hereby made upon Mark & Joan W. Young, First Manhattan Christian Reform Church to within 30 days after the first publication of said notice, pay to claimant or to the county treasurer to his use the amount of the taxes, interest, and penalties as the same may appear in the records of the county treasurer or bring a suit to quiet title or set aside said tax deed.

Clifton E. Dillon
P.O. Box 7113
Mesa, Arizona 85206
February 8, 15, 1985

A NOTICE OF CLAIM OF A TAX TITLE

I, Clifton E. Dillon, do hereby give notice of a claim of tax title to the following property particularly described as:

Tract in AKA part Tract 11 Section 25 Twp. 15 Rng. 05.

That the amount due on said property for taxes, interest, and penalties is $512.53.

That for further particulars reference can be made to the records in the office of the Lewis & Clark County Treasurer. That demand is hereby made upon Old National Bank of Washington, James Brinkman, Ruby N. Hazzard, Huey Hazzard, Edgar Hurd to within 30 days after the first publication of said notice, pay to claimant or to the county treasurer to his use the amount of the taxes, interest, and penalties as the same may appear in the records of the county treasurer or bring a suit to quiet title or set aside said tax deed.

Clifton E. Dillon
P.O. Box 7113
Mesa, Arizona 85206
February 8, 15, 1985

A NOTICE OF CLAIM OF A TAX TITLE

I, Clifton E. Dillon, do hereby give notice of a claim of tax title to the following property particularly described as:

Young Tracts Minor Subdivision Lot 2.

That the amount due on said property for taxes, interest, and penalties is $617.17.

That for further particulars reference can be made to the records in the office of the Lewis & Clark County Treasurer. That demand is hereby made upon Mark & Joan W. Young & First Manhattan Christian Reform Church to within 30 days after the first publication of said notice, pay to claimant or to the county treasurer to his use the amount of the taxes, interest, and penalties as the same may appear in the records of the county treasurer or bring a suit to quiet title or set aside said tax deed.

Clifton E. Dillon
P.O. Box 7113
Mesa, Arizona 85206
February 8, 15, 1985

I.R. 2-14-85

Arizonan goes after wrong land

By MICHAEL CRATER
IR Staff Writer

Mark Lindsay of Hamlin Construction was first annoyed, then amused when he read Tuesday in the Independent Record that his firm is among local landowners in danger of losing their property to an Arizona tax speculator.

"It seems kind of humorous," he said Wednesday, because the land in question is dedicated to roads and parks.

It's land that his firm, which developed 14 lots off John G. Mine Road, had to dedicate to the public under Lewis and Clark County development restrictions.

The land no longer belongs to his firm, he said, so he doesn't pay taxes on it. Taxes, after all, are based on property value, and the property has no monetary value because he can't sell it, Lindsay said.

But the county keeps assessing taxes, he said, and he keeps not paying them. After three years, the county puts the land up for sale for the amount of overdue taxes — $664.53 — and in this case, Clifton Dillon of Arizona has paid that amount. Lindsay now has 30 days to redeem the land, paying Dillon eight percent profit, or Dillon gets title to it.

"How can a guy from Arizona come in and take title to that property?" asks Hamlin. "It seems kind of humorous that he's going to end up owning the county roads."

He said the land in question is probably about three acres altogether, but it's mostly underneath the roads. Less than an acre of it is parkland, he said.

Hamlin sold off its lots in the area about six years ago, he said, but "we keep on getting tax notices on the roads and the parkland that has been dedicated to public use.

"We called the county hundreds of times and they'd say 'yeah, we'll look into it,' Lindsay said, but the problem never gets resolved.

So now it comes up in the paper and "everybody thinks, all of a sudden, that you're not paying your taxes," he said. "We always pay all of our taxes when they come due."

onald Luraski stands with his family on the land he says he almost lost to a delinquent property tax speculator.

A stranger could grab your land — legally

DICK ROESGEN
Staff Writer

Richard and Anita Larson used to own 2[illegible] acres of pasture in the Helena valley. Though the land probably has a market value of over $20,000, according to a local real estate agent, an Arizona man named Clifton Dillon bought it in 1980 for $186.45. The Larsons aren't happy about having sold the land so cheap.

But what burns them most is that they've never met Dillon and they never told him he could buy it.

In fact, they never even knew Dillon had bought the land until a county clerk called last week and told them he'd claimed it.

Strange, but true. Through a complex process, the county can sell your property to someone else without your knowing about it.

In what is a perfectly legal operation, speculators like Dillon can buy your property from the county by paying your delinquent taxes. And it's possible you may not even know your taxes are behind.

You have a little over three years after your taxes become delinquent to redeem your property.

If you don't, the speculator can claim a "tax deed" and have the property transferred into his name.

According to clerks in the county treasurer's office, Dillon pays delinquent taxes on about 20 pieces of local property each year.

In 1982 he bought 35 pieces for just over $2,300. For that investment, Dillon could in theory acquire property worth many times that.

Three other people regularly speculate in local tax deeds. One is from Denver, one from Kalispell, and one lives in Helena.

The ac[illegible]urn fo[illegible]pecula[illegible] that high. Most people repay their taxes within the three years and get their land or house back.

And the law does require the speculators to try to notify you before the property becomes his, through legal ads in the newspaper and through a "letter of notice" sent to your last known address.

Problem is, people like the Larsons can still lose their property and never know it. Because the law doesn't require people to read legal ads, and the law doesn't require the speculators to prove that you ever got the letter of notice.

The county clerk who told the Larsons that their land had been transferred into Dillon's name was doing them a favor, the Larsons say, because she had once employed their son.

But the Larsons also got a call from a man they didn't know at all, Donald Luraski, who said he'd read the legal notice in the paper.

Like the Larsons, Luraski lives with his family in the Helena valley. He's in the process of buying 20 acres of land there from a local realtor.

Luraski says he's paid his taxes every one of the seven years he's lived in the valley, except once. Through a bank error, he says, the 1979 taxes on the 20 acres didn't get paid.

"It was a real mixup, that's for damned sure."

Three years later, he says, he was shocked to learn that his property was about to become Dillon's.

He caught it before it was too late. Another week, Luraski says, and he'd have lost the property.

"I paid my taxes in full after I found out what was going on. We've never had any trouble paying them."

Now, Luraski checks the paper every day, looking for the legal notices placed there by the speculators — "turkey-vultures," as he calls them.

If he sees one, he'll try to contact the property owners to warn them that their property is about to become someone else's.

In the past year, he says he's reached about six people, all of whom already knew what was happening.

But Luraski says he hasn't been able to contact another 15 or so, and he wonders how many more aren't aware they've already lost or are about to lose their property.

Though Luraski didn't lose his own land, he still had to pay Dillon $50.

Because on top of repaying the speculator for the cost of the delinquent taxes, penalties and interest, you also have to pay him an eight percent service charge.

Whether the speculator gets your property or not, the legal process ensures he'll make a profit.

That process begins each year, when the county sells off property on which the year's taxes haven't been paid.

At the "tax sale," property is "sold" to anyone willing to pay the delinquent taxes, penalties and interest.

The purchase doesn't give the buyer the deed to your

[illegible]t rid o[illegible]ou ha[illegible]

If no one buys the property [illegible]ale, the county buys it instead, "striking it off" in [illegible] terms.

Anytime thereafter, any citizen can walk into the treasurer's office and buy it from the county. That's called taking out an "assignment."

The property owner has three years and 60 days after the tax sale to redeem the property. If that isn't done, the speculator can claim the deed.

The assignee is required to send the letter of notice and run legal ads before claiming the property, but there's no guarantee that people like the Larsons or Luraskis will see either.

If the letter is returned and marked "unreceived," says a clerk in the treasurer's office, too bad.

"It's not the county's job to babysit the assignee or the property owner. The law only says you have to send the letter... the law doesn't say the property owner has to get it."

Luraski claims his letter was sent to his old address on Peosta, although he says he's been filing taxes from his valley address for the last seven years.

And the Larsons say their letter was sent to an address on Broadway, where they say they've never lived.

For that reason, the Larsons have hired a lawyer and plan to challenge Dillon's right to their land.

That might not be necessary, though, says their lawyer, Jim Rice.

With the volume of business most tax-deed speculators do, says Rice, it isn't worth it for them to go to court every time they're challenged.

And the speculators themselves would probably agree.

Week-long efforts to contact Clifton Dillon either in Arizona or at his Kalispell home failed.

But another tax-deed speculator, Guy Maycumber, of Kalispell, agrees that having to fight in court for someone's property can be tough. "It's not a very lucrative business... You're at the mercy of the judge."

Maycumber took out assignments on two dozen pieces of Lewis and Clark County property last year.

He says he's been at it about three years and was successful on his first try, when he obtained a piece of Jefferson County property.

Maycumber says he's acquired more than "a few" since then, but claims, "most of what I've picked up belonged to people who were dead or out of business."

JEFFERSON COUNTY ATTORNEY
Jefferson County Courthouse
P.O. Box H
Boulder, Montana 59632
406/225-4211

March 7, 1985

Members of the Senate Taxation Committee

Re: House Bill 105

Mr. Chairman and Members of the Committee:

On behalf of Jefferson County officials involved in the financial administration of the county, please accept this statement in support of House Bill 105.

We believe this bill could serve as an important step in resolution of a financial snarl existing in this county which has caused us a number of difficulties in delivery of services for several years. We now hold $1,279,188.81 in our protested tax fund, $800,000.00 of which is from Kaiser Cement Company stemming from an appeal matter that has been before the State Tax Appeal Board since August, 1979, and only recently decided. We are the entity most directly affected by these appeals and the one least able to influence the outcome on the state level.

By state law we are required to serve as the "ex officio" investment counselors in the administration of this money, much of which may ultimately be lost to the county. The situation is exacerbated by the fact that, because of other corporate tax protests, we now have approximately 27 percent of our 1984 taxable valuation under protest. We have become a fourth class county because of recent increases in our valuation resulting from corporate operations which have subsequently paid taxes under protest and therefore we are required to deliver fourth class county services with what amounts to substantially less tax revenues than we should be able to anticipate with our valuation.

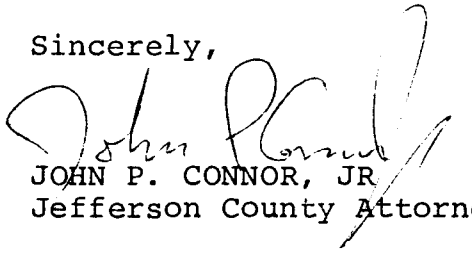
If the appeals which we expect to see from other large corporate taxpayers are not expedited by the board, our financial situation

Exhibit 4 -- HB 105
March 8, 1985

will become desperate indeed. We believe Representative Marks' bill will be of benefit in this regard and we would encourage your do pass recommendation.

Thank you for your consideration.

Sincerely,



JOHN P. CONNOR, JR.
Jefferson County Attorney

JPC/cc

Anaconda mining tax appeals complete

HELENA (AP) — Anaconda Minerals Co. has completed its appeals of mining taxes totaling about $28 million and dating back to 1972.

"It might be a year before the hearings are held before the appeal board, and that might be a little ambitious," said Don Hoffman, head of the state Revenue Department's Natural Resource Tax Bureau.

The dispute involves deductions the company took on net proceeds taxes in estimating ore prices, determining its overhead costs and including such deductions as operating a New York office in its tax-return forms, Hoffman said.

Hoffman said about $20.1 million of the protested taxes would go to local governments, with about 60 percent of that going to schools.

The taxes the company is protesting, including interest, includes about $2 million in metal mines and resource indemnity trust taxes; about $24 million for mine net proceeds taxes at the Berkeley Pit in Butte; about $1.6 million for gross proceeds taxes from 1975 to 1982; and about $310,000 for the lime rock operation in Deer Lodge County.

Exhibit 5 -- HB 105
March 8, 1985

SUMMARY -- KAISER CEMENT APPEAL

August, 1979 -- Both the Department of Revenue and Kaiser appealed the Jefferson County Tax Appeal Board's decision.

October 29, 1979 -- Appeals heard before STAB in Helena. Parties requested time to file briefs.

February 12, 1980 -- Final briefs filed by both parties.

HOWEVER -- The portion of the appeals dealing with the buildings was based on the manual disparity (commonly known as the 34% issue). That question was before the courts. STAB held all appeals dealing with the 34% issue pending final determination by the courts.

In 1981 -- the Jefferson County Attorney, Kaiser's attorney and Department of Revenue attorneys became involved in district court maneuvers on the case, with no result.

MEANWHILE -- Kaiser continued to appeal to the Jefferson County board every year, and continued to protest a portion of its taxes. More and more tax money was tied up in the Jefferson County protest fund. The County Commissioner were concerned.

EARLY 1984 -- Jefferson County Commissioners requested a decision from STAB. STAB concluded that the portion of the appeal dealing with the machinery and equipment could be decided. This necessitated a review of the transcript.

March 26, 1984 -- STAB issued a decision on the machinery and equipment. Kaiser appealed to District Court. The money is still in the protest fund.

June 28, 1984 -- hearing before STAB on the manual disparity issue, which involved only the buildings. Briefing schedule was set. Final brief was to be submitted by September 11. Attorneys requested delays.

December 10, 1984 -- Final briefs were received by STAB.

January 29, 1984 -- STAB issed decision on the buildings.

Exhibit 6 -- HB 105
March 8, 1985

March 8, 1985

Thomas Towe, Chairman
Senate Taxation Committee
49th Montana Legislature
Capitol Station
Helena, MT 59620

RE: HB-101

Chairman Towe:

A. B. Guthrie's book "Fairland, Fairland" is a fine book about our state. I do believe Montana is a "fair land" -- except for our treatment of motorcyclists and specifically the cost of licensing their vehicles.

In 1982 we addressed the fairness of license for our automobiles and went to a flat fee plan. What did this mean to me? A reduction in cost for my 78 Honda Accord from $220 to $58. Fair treatment from a "fair land", but what happened to the motorcyle owner?

I don't believe as some do that motorcyclists were singled out for exorbinant license fees, but that we were just overlooked, forgotten you might say, and that it was the intent to include motorcycles in the 1981 automobile flat fee plan.

It is 1985 and time to correct this oversight. HB-101 will treat owners of motorcyles fairly. I urge your support and passage of this bill.

Sincerely,

Dick Field

Exhibit 7 -- HB 101
March 8, 1985

field & fields

137 fairway drive helena montana 59601 phone 406/443-5739

Cost $ 640.00

1985
OWNER'S CERTIFICATE OF REGISTRATION AND PAYMENT RECEIPT

Current Plate	Type	Veh.Yr.	Make	Model	Style	Color
05-5854	MC	83	HD	MC	C	RED

EXPIRATION DATE	Vehicle Ident./Motor No.	Title Number
851231	1HD1EAK10DY110392	K588131

Tab. No.	Gas (1) Diesel (2) LPG (3)		Equip. No.	Unladen Wt.	Ton(½,¾,)Etc.
33605	1				

Registered Owner's Name and Address
BEATTIE MELVIN K KARYL M
1936 TOWNSEND
HELENA 59601

Lienholder's Name and Address | Lien Amount

Val'd. by	Market Value	Taxable Val.	School Dist. #	Mill Levy	Co.
	4.377	481	1	418.14	05

Treas. or Dep. 6
I CERTIFY UNDER PENALTY OF LAW THAT THIS VEHICLE IS INSURED AS PRESCRIBED BY MONTANA STATUTE TITLE 61, CH. 6, PART 3, MCA
Signature of Registered Owner X

Date Issued 02/28/85
FOR OUT OF STATE REGISTRATION INFORMATION ONLY
Out of State Plate CON | Title No. | State

Legal Domicile
OWNER'S COPY
MONTANA
0585059122204 C1328045

G.V.W. LICENSE
CLASS
100% | 55% | SCH. 3
GROSS WT.
EXPIRES 851231

FEES PAID

G.V.W. Fee	
New Use Tax	
M.V. Fee	201.1
Co. Tax	2.00/2.
Reg. Fee	
Title	
Junk Vehicle	
F.W. & P.	
Co. Total	205.1
Title	
Lien	
Pers. Plate	
Dup. Plate	
TOTAL	205.1

1984
OWNER'S CERTIFICATE OF REGISTRATION AND PAYMENT RECEIPT

Current Plate	Type	Veh.Yr.	Make	Model	Style	Color
BEATTIE	PE	83	FORD	TK	PK	BROWHT

EXPIRATION DATE	Vehicle Ident./Motor No.	Title Number
850531	1FTCR11A8DUB59346	K564056

Tab. No.	Gas (1) Diesel (2) LPG (3)		Equip. No.	Unladen Wt.	Ton(½,¾,)Etc.
198622	1			OVER	1/2

Registered Owner's Name and Address
BEATTIE MELVIN K KARYL M
1936 TOWNSEND
HELENA 59601

Lienholder's Name and Address | Lien Amount
MUST BE RENEWED BY 6-25-84 OR THE $20.00 PP FEE WILL BE CHARGED AGAIN.

Val'd by	Market Value	Taxable Val.	School Dist #	Mill Levy	Co.
	0	0	1	402.32	05

Treas. or Dep. 6
I CERTIFY UNDER PENALTY OF LAW THAT THIS VEHICLE IS INSURED AS PRESCRIBED BY MONTANA STATUTE TITLE 61, CH. 6, PART 3, MCA
Signature of Registered Owner X

Date Issued 05/31/84
FOR OUT OF STATE REGISTRATION INFORMATION ONLY
Out of State Plate | Title No. | State

Legal Domicile
OWNER COPY
MONTANA
0584152160810 C811729

G.V.W. LICENSE
CLASS
X 100% | 75% | 55% | 16% | SCH. 3
GROSS WT. 006M Lbs.
EXPIRES 850531

FEES PAID

G.V.W. Fee	7.50
New Use Tax	
M.V. Fee	99.00
Co. Tax	
Reg. Fee	10.00/2.00
Title	
Junk Vehicle	.50
F.W. & P.	
Co. Total	119.00
Title	
Lien	
Pers. Plate	5.00
Dup. Plate	
TOTAL	124.00

Cost $ 10,800.00

Exhibit 8 -- HB 101
March 8, 1985

Lewis and Clark County

Office of Treasurer

HELENA, MONTANA 59601

TO: County Treasurers

FROM: Daryll E. Schoen, Chief

DATE: December 6, 1979

SUBJECT: Fee Schedule for motor Homes, travel trailers and campers.

Effective January 1, 1980 there shall be a fee in lieu of property tax according to the following schedule:

Motor Homes

Less than 2 years old	$200
2 years old and less than 3 years old	$180
3 years old and less than 4 years old	$145
4 years old and less than 5 years old	$100
5 years old and less than 6 years old	$ 75
6 years old and less than 7 years old	$50
7 years old and less than 8 years old	$25
8 years old and older	$15

The age of a motor home is determined by subtracting the manufacturers designated model year from the current calendar year.

As an example, in 1980, a 1979 motorhome would be imposed a fee of $200, a 1978 motorhome, $180. The registration fee of $12 shall also be collected.

As the fee is in, lieu of property tax, a new motorhome will still be subjected to the sales tax.

Travel Trailers

Less than 3 years old	$40
3 years old and older	$15

Campers (truck mounted, slide in, etc.)

Less than 3 years old	$35
3 years old and older	$15

(This sheet to be used by those testifying on a bill.)

NAME: Harryl A. Lee DATE: Mar 8, 1985

ADDRESS: 505 W. Park - Butte, Mont.

PHONE: 782-1264

REPRESENTING WHOM? Butte Local Dev. Corp.

APPEARING ON WHICH PROPOSAL: HB 122

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENT:

The Butte Local Dev. Corp - a private non-profit corporation dedicated to improving the economic climate of the Butte Silver Bow area, have gone on record in support of HB 122. There is concern that we erode the tax base thru incentives, but it is the stance of our organization that without these kinds of incentives we have no new tax base — We have no new jobs — we have no — new revenue for the state coffers. If we are to be competitive we must have measures such as HB 122 in our arsenal of attractions to industry. We urge your support of this measure.

HAL.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Exhibit 9 -- HB 122
March 8, 1985

TESTIMONY OF THE MONTANA MINING ASSOCIATION
ON HOUSE BILL 122

March 8, 1985
BEFORE THE SENATE TAXATION COMMITTEE

Mr. Chairman, members of the Committee:

For the record, my name is Gary Langley. I am executive director of the Montana Mining Association, a trade association that represents 1) Every major producer of hardrock minerals in Montana; 2) Some coal mining companies; 3) Exploration companies; 4) Companies that hope to open mines in Montana in the future, and 5) Companies that supply the mining industry with goods and services.

I appear here today to testify in favor of House Bill 122.

This bill will encourage new mining companies to locate in Montana and motivate existing operations to expand or modernize their plants. This bill is essential from the standpoint that it will promote the development of Montana's basic industries--including mining--which provide the best paying jobs in the state and contribute significantly to the tax bases of state and local governments.

Thus, House Bill 122 will help Montana attract industries that are the most important to its economy.

One important factor should be noted. House Bill 122 is a county option proposal. That is, a county has the option of applying the tax incentive. Those counties that do not wish to attract new natural resource industries through the tax incentive are not forced to do so.

In addition, counties will not lose revenue through the incentive because it only applies to new construction that is not subject to taxa-

tion at present.

The mining industry wishes to operates in Montana under the constraints of existing environmental and socioeconomic protection laws.

House Bill 122 will give the mining industry a positive sign that Montana wants it here and will help alleviate the perception that this is an anti-business state.

Thank you.

# # #

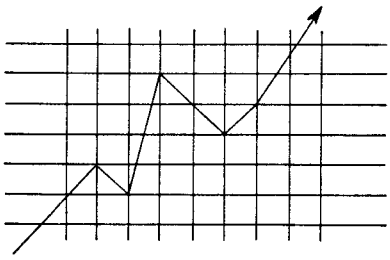
Commerce

REA CHAMBER OF COMMERCE

TAXE$
AND
ECONOMIC DEVELOPMENT

Exhibit 11 -- HB 122
March 8, 1985

BILLINGS ECONOMIC INDICATORS



AIR TRANSPORTATION	DEC. 83	DEC. 84	% Change	83 To Date	84 To Date	% Change
Enplanements	29,514	28,317	- 4.1%	341,858	311,933	- 8.8%
Aircraft Operations	6,718	7,895	17.5%	128,937	122,512	- 5.0%
Freight (lbs.)	384,131	273,993	-28.7%	4,498,515	3,940,440	-12.4%
Mail (lbs.)	1,208,938	1,172,105	- 3.1%	10,722,401	11,710,062	9.2%

CONSTRUCTION	DEC. 83	DEC. 84	% Change	83 To Date	84 To Date	% Change
Total Permits	84	62	-26.2%	2,581	2,530	- 2.0%
Total Value	2,937,894	2,116,888	-27.9%	137,842,691	107,062,003	-22.3%
Single Family Permits	26	13	-50.0%	657	591	-10.0%
Single Family Value	1,639,237	1,016,328	-38.0%	43,961,041	41,546,844	- 5.5%
Multi-Family Permits (units)	2(6)	1(10)	-50%(66.7%)	162(787)	99(477)	-38.9% (-39.4%)
Multi-Family Value	275,294	216,662	-21.3%	26,196,727	16,703,293	-36.2%
Commercial Permits	3	5	66.7%	92	137	48.9%
Commercial Value	166,000	257,750	55.3%	22,152,101	26,505,587	19.7%

EMPLOYMENT	OCT. 84	NOV. 84	% Change	NOV. 83	% Change
Labor Force	60,177	59,205	1.6%	62,418	- 5.1%
Employed	56,530	55,260	- 2.2%	57,581	- 4.0%
Unemployed	3,647	3,585	- 1.7%	4,837	-25.8%
Unemployment Rate	6.1%	6.1%		7.7%	
MT Unemployment Rate	6.2%	6.6%		8.0%	
MT Unemployment Benefits ($)	3,212,966	3,763,668	17.1%	4,136,857	- 9.0%

NEW BUSINESS	NOV. 83	NOV. 84	% Change	83 To Date	84 To Date	% Change
	44	47	6.8%	584	586	0.3%

CONSUMER PRICE INDEX	OCT. 84	NOV. 84	% Change	NOV. 83	% Change
U.S. Index (1967=100)	315.3	315.3	0.0%	303.1	4.0%

ACCRA COST OF LIVING	3rd QT. 83	4th QT. 83	1st QT 84	2nd QT 84	3rd QT 84
Billings Index (U.S. Avg.=100)	109.1	108.7	106.6	106.5	105.7

BANK DEPOSITS	3rd QT 83	3rd QT 84	% Change
Yellowstone County	898,919,000	957,508,000	6.5%

(Compiled by the Billings Area Chamber of Commerce)

Economic Benefits To Montana
From The Proposed Montco Mine

Personal Income in Montana	$ 971.8 million
Montco Expenditures	$ 907.8 million
New Business, Other than Montco	$ 988.2 million
State & Local Tax Revenues	$ 848.8 million
TOTAL ECONOMIC BENEFITS	**$3,716.6 million**

The Montco Mine will provide substantial economic and employment contributions to the State of Montana and its people, according to a study by Research Development Consultants of Fargo, North Dakota, completed in March 1983. Development of the mine project will enhance Montana's economy by contributing over $3.7 billion in the form of increased business activity, tax revenue and personal income.

The proposed Montco Mine would be located 7.5 miles southwest of Ashland, Montana. It would be a surface mine with a production capacity of 12 million tons of coal per year. The study assessed the direct and secondary (or indirect) economic benefits to the state during the four-year construction and 22-year operational life of the mine. With a two-year overlap, the entire project life is planned for 24 years.

EMPLOYMENT AND PERSONAL INCOME CONTRIBUTIONS

Construction and operation of the Montco Mine will provide significant benefits to the people of Montana. Directly and indirectly, *mine operation (22 years) will create over 2,390 permanent new jobs* in Montana with an annual personal income of $42.8 million. About 365 of these jobs will be directly associated with the mine, while the remainder will be secondary jobs in many sectors of Montana's economy such as retail trade, professional and social services, and government.

Additionally, an annual average of *938 jobs will be created during the four-year construction phase* with an annual payroll of about $7.7 million.

Altogether, it is estimated that the Montco Mine project will add more than *$971 million* to personal income in Montana through much needed new employment and associated payrolls.

MONTCO EXPENDITURES IN MONTANA

The Montco organization will spend nearly *$908 million* in Montana during the 24 years required to build and operate the mine. The expenditures will be spread over five sectors of the economy with better than 48% going to the household sector. During the 22-year operation of the mine, Montco will spend about $39 million each year in Montana.

EXPENDITURES ($ millions)

Sector:	Construction	Operation	Total	% Total
Construction	$39.3	——	$ 39.3	4.3%
Retail Trades	$ 7.5	$181.1	$188.6	20.8%
Wholesale Trade and Misc. Manufacturing	——	$212.6	$212.6	23.4%
Household*	$ 2.4	$436.8	$439.2	48.4%
Communications and Public Utilities	——	$ 28.0	$ 28.0	3.1%

**Dividends, wages, interest, rent and transfer payments before taxes.*

NEW MONTANA BUSINESS ACTIVITY OTHER THAN MONTCO

In addition to the direct spending by Montco, the study identified the secondary—indirect or induced—business that would be generated by the mine project in the regional economy. This indicates the amount of *new* business activity in the state.

The multiplier effect of the mine project would add about *$988 million worth of new business* to Montana's economy over the 24-year life of the mine, or an average of over $41 million per year. The largest economic benefit would be in the household, retail trade, and wholesale trade/miscellaneous manufacturing sectors of the state's economy.

STATE AND LOCAL TAX REVENUES AND ROYALTIES

As a result of the construction and operation of the Montco Mine project, as well as the secondary business generated, state and local government entities in Montana are expected to realize an additional *$849 million in tax revenue and royalties* over the life of the mine. Government-supported services for the people of Montana will gain about $35.4 million annually. The various taxes include: coal severance, resource indemnity, gross proceeds, corporate personal income, and local property.

Current plans of the Montco organization anticipate the construction period for the mine to begin in mid-1984, with actual surface mining of coal to start in 1986. However, this time schedule is contingent upon Montco receiving all necessary regulatory permits and arranging coal sales contracts. ■■

Exhibit 12 -- HB 122
March 8, 1985

STANDING COMMITTEE REPORT

March 8, 19 85

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 400

first reading copy (white color)

EXTENDING THE ALCOHOL TAX INCENTIVE TO EXPORTS; LIMITING INCENTIVE PAYMENTS.

Respectfully report as follows: That Senate Bill No. 400

be amended as follows:

1. Title, line 10.
Following: "LIMITING"
Insert: "AND APPORTIONING"

2. Page 6, line 4.
Following: line 3
Strike: "and (4)"
Insert: "through (5)"

3. Page 8.
Following: line 11
Insert: "(5) No alcohol distributor may receive tax incentive payments under subsection (2) that exceed $1,300,000 in any consecutive 12-month period beginning April 1, 1985, except as follows. If total tax incentive payments to all eligible alcohol distributors in any consecutive 12-month period beginning April 1, 1985, do not reach the percentage of production maximums in subsection (3) or the maximum dollar amount in subsection (4), an alcohol distributor who has received the maximum payment of $1,300,000 as herein provided may receive additional tax incentive payments subject to the percentage of production maximums in subsection (3) or the maximum dollar amount in subsection (4)."

AND AS AMENDED

~~DO PASS~~

~~XXXXXXX~~ ~~DO NOT PASS~~

Senator Thomas E. Towe, Chairman.

STANDING COMMITTEE REPORT

March 8, 19 85

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 386

first reading copy (white color)

REPLACE LIGHT VEHICLE FEE SYSTEM WITH PROPERTY TAX.

Respectfully report as follows: That Senate Bill No. 386

~~XXXXXXX~~

DO NOT PASS

Senator Thomas E. Towe, Chairman.

ROLL CALL VOTE

SENATE TAXATION COMMITTEE
49 th Legislative Session -- 1985

Time 7:55 am Date March 8, 85 Room 413-415

Motion: SB 386 do pass - Severson

SB 386 do not pass - Mazurek
vote reversed w/ consent of committee

Name	Yes	No	Excused
Senator Brown		✓	
Senator Eck		✓	
Senator Goodover		✓	
Senator Hager	✓		
Senator Halligan		✓	
Senator Hirsch		✓	
Senator Lybeck	✓		
Senator Mazurek		✓	
Senator McCallum	✓		
Senator Neuman		✓	
Senator Severson	✓		
Senator Towe		✓	

STANDING COMMITTEE REPORT

March 8, 19 85

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 280

first reading copy (white color)

SUBJECTING GEMSTONE MINES TO GROSS PROCEEDS TAX.

Respectfully report as follows: That Senate Bill No. 280

DO PASS

~~DO NOT PASS~~

Senator Thomas E. Towe, Chairman.

STANDING COMMITTEE REPORT

March 8, 19 85

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 309

first reading copy (white color)

TAX CREDIT FOR INSTALLING LOW EMISSION WOOD OR BIOMASS COMBUSTION DEVICE.

Respectfully report as follows: That Senate Bill No. 309

STATEMENT OF INTENT ADOPTED AND ATTACHED

DO PASS

~~BE NOT PASS~~

Senator Thomas E. Towe, Chairman.