

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 28, 1985

The fifty-ninth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 8:08 am in Room 413-415 of the State Capitol.

ROLL CALL: All members of the committee were present.

CONSIDERATION OF HB 924: Representative Francis Bardanouve was recognized as chief sponsor of the bill. He said that in light of a federal court case saying that states can regulate liquor licenses on reservations, this bill was necessary. He said that under current Montana law some establishments would have to be closed down. Instead, this bill grandfather's existing establishments even if they are over quota for the population of the reservation. He said the bill would not affect any reservation except the Blackfoot. He said that future licenses would not be issued until the population justified them.

PROPOSERS

Mr. John LaFaver, Director of the Department of Revenue, said that the additional two or three licenses that would be granted could not be moved elsewhere, but must stay on the reservation. He said the Department favored the bill as a solution to the problem arising from the federal court decision.

OPPOSERS

None were heard.

Questions from the committee were called for.

Senator Neuman said that the same ruling may apply to military reservations and that perhaps the bill should be amended to include them. Mr. LaFaver said that that issue had not been discussed. Senator Neuman said that the clubs currently do not buy licenses.

Senator Lybeck asked if all bars on reservations were affected. Mr. LaFaver said that most already have licenses.

Senator McCallum asked Mr. Hefflefinger of the Department of Revenue if this bill would resolve the problem at Camus. Mr. Hefflefinger said, yes.

Representative Bardanouve closed saying that if the 21-year-old drinking age were passed it would be enforced on Montana military reservations. He said these reservations are now following state law. He said the bill was an attempt to arrive at a solution in the least controversial manner. He said that neither of the House members who are from the Blackfoot Reservation objected to the bill.

CONSIDERATION OF HB 704: Senator Towe told the committee that it was necessary to amend the bill to clarify the treatment of state levies.

March 28, 1985

MOTION: Senator Lybeck moved that HB 704 be amended as follows:

1. Page 2, line 21.
Following: "protest"
Insert: ", except for statewide education and university
mill levies"
2. Page 2, line 23.
Following: "levies"
Insert: ", except for statewide education and university
mill levies,"

The motion carried unanimously.

Senator Lybeck asked if all county government entities should be included in the bill and if it should affect only the larger tax protests. Senator Towe said it would require complex computations to return dollars to the correct jurisdictions. Senator Eck said it would be easier for the Department to pull out the whole works rather than do it by size of the amount of protest. She said that either way the county estimates budgets.

Senator Halligan questioned whether it could be mechanically put together at this late stage. Senator Neuman noted that the levies would be going up and down drastically under the provisions of this bill.

Senator McCallum said that, nonetheless something had to be worked out as it is a serious problem for schools in Jefferson County.

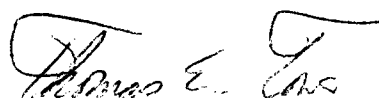
Senator Neuman suggested that they be allowed to use protested tax money and be required to pay it back if they lost the protest.

Mr. Bob Laumeyer, Superintendent of Boulder Public Schools was recognized and gave the committee two more exhibits (Exhibits 1 and 2). He said that if four years passed using the protested dollars and the case was lost the tax burden would be huge in the coming year. He said that if a percentage limit were used, that it should be 5 percent of each taxing jurisdiction and not 5 percent of the county budget which could be more than 50 percent of an elementary school district budget.

Senator Eck suggested that if the county was given flexibility they could figure appropriate solutions at that level.

Senator Towe instructed Mr. Lear, committee staff, to prepare amendments that would allow use of these provisions if the protest exceeded 50 percent of the total budget of a taxing jurisdiction.

The committee adjourned at 8:35 am.


Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date

March 27, 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	✓		

Boulder Public Schools

ROBERT L. LAUMEYER, Superintendent

Boulder, Montana 59632

JEFFERSON HIGH SCHOOL

Ron Fuller, Principal
Phone 225-3317

Clerk of Jefferson High and
Boulder Elementary School

Kim Harris
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BOULDER ELEMENTARY SCHOOL

Barbara Konesky Patrick,
Principal
Phone 225-3316

March 26, 1985

Senator Tom Towe, Chairman and
Members of Senate Taxation Committee
Capitol
Helena, Montana 59620

RE: House Bill 704 Cash Reserves

Dear Senators:

At the hearing on H.B. 704 this morning, I heard questions about how taxpayers can be assured that the wind-fall produced by eventual payment of protested taxes is used to reduce levies rather than to build up a cash reserve.

As a school board trustee who was elected less than a year ago, I have learned quickly that local school boards operate under close scrutiny by taxpayers. Taxpayers in my district are will aware that a large tax protest exists; they will also be very aware when that protest is settled and I will hear from a great many of them if the levies are not reduced.

In the meantime I and all my fellow board members will be paying higher taxes and we, too, will benefit from the reduced levies. I can see so reason why a responsible school board member or county commissioner would not use the money to reduce levies; I know that an irresponsible person in these positions would hear very quickly from taxpayers.

Furthermore, H.B. 704 does state that the money shall be used to reduce levies, and any board member or county commissioner who ignores this would not be following either the letter or intent of the bill.

School boards and county governments may be involved in the most truly democratic of processes; the taxpayer pays attention to what I do as a board member, and I urge you to trust that process to work.

Sincerely,


Jan Anderson
Board Member

Boulder Public Schools

ROBERT L. LAUMEYER, Superintendent

Boulder, Montana 59632

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March 26, 1985

Senator Tom Towe, Chairman and
Members of Senate Taxation Committee
Capitol
Helena, Montana 59620

Dear Senator:

Subject: HB 704

I reviewed the state law with Robert Stockton after the hearing this morning. House Bill 704 would not have any effect on the state wide mill levies set by the legislators. Neither the 45 mill nor the six university levies would be effected.

House Bill 704 gives the right to exclude protested taxable values only in computing school district levies to fund the school districts approved budgets and the county to exclude those values to compute the mill levy to fund the county budgeted items. In an attached letter from Robert Stockton, he gives the state statutes that establish the levies that were discussed.

Another question I would like to address is the mill levy that would be applied to all taxpayers, protesters and non-protesters alike.

Example:

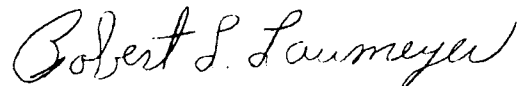
Jefferson High has about ten million taxable value, of this three million is protested. If the voters at the special levy election approve the \$275,000 special levy and if H.B. 704 becomes law, the \$275,000 will be divided by the seven million and a levy of about 39 mills will be levied against all property in the High School District No. 1. Those people paying their taxes under protest will pay the same mill levy as everyone else.

\$275,000 will be raised by the school district and \$117,000 would be raised in the protested fund. If the protest fails, the \$117,000 would then be used to reduce the next years mill levy, as we presently use surplus funds.

If H.B. 704 does not become law, the \$275,000 approved by the voter will not become available to the school because the mill levy will be set by dividing the \$275,000 by 10,000,000 and a mill levy of 27½ mills will be established. This will mean that \$192,500 will be raised as a spendable amount for High School District No. 1. The other \$82,500 will be held in the protested fund.

Elementary School District No. 7, under present law, will raise only \$75,000 out of a needed \$145,000 approved by the voters. The present law is unworkable to fund our schools and therefore needs to be changed. House Bill 704 may not be perfect, but at least it will allow local schools to operate during times of large tax protests.

Sincerely,



Robert L. Laumeyer
Superintendent

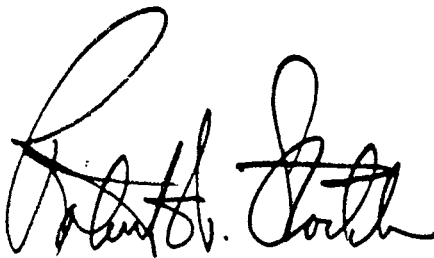
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cc:

HOUSE BILL 704

House Bill 704 has no effect on the five(5) county-wide educational levies, as found in Sections 20-9-331, 20-9-3333, 20-9-501, 20-10-144, MCA. The bill also does not have any effect on the 6 mill university levy.

The bill only addresses the county budgeted taxes and local school district taxes. If the protests do not prevail, the additional revenues accruing to the school districts and county must be used to reduce the ensuing years district and county budgeted tax levies.

 O.P.T.