

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 9, 1985

The sixty-sixth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 8:03 am in Room 413-415 of the State Capitol.

ROLL CALL: All members of the committee were present at roll call except Senator Mazurek who arrived at 8:15 am.

CONSIDERATION OF HB 701: Representative Harry Fritz was recognized as chief sponsor of the bill. He said that this legislation is an enabling act to allow the state to accept unique properties in lieu of inheritance taxes. He said the specific property in question is the Daly Mansion in Hamilton. He said the mansion is a part of the ranch known as the Bitterroot Stock Farm. He said the ranch has 19,000 acres and the mansion is a 40 bedroom home. He said the questions related to the acquisition are cost to the state originally, and continuing expense to the state.

PROPONENTS

Mr. Bob Archibald, director of the Montana Historical Society, submitted his testimony in writing (Exhibit 1).

Mr. Jim Flynn, director of the Department of Fish, Wildlife and Parks, submitted his testimony in writing (Exhibit 2).

Mr. Jim Parker, president of the Committee to Preserve the Daly Estate, said that the Bitterroot has many citizens interested in this. He said that to improve and restore the mansion would be recognition of the Daly family gifts to the Bitterroot. He said there is good support in the town for the project. He said that the county commissioners support the bill as written.

Mr. Ron Waterman, representing the Montana Heritage Foundation, said the bill protects elements of our heritage which could be otherwise lost. He said HB 701 gives the opportunity to retain an important jewel of Montana history.

Mr. Dan Bucks, deputy director of the Department of Revenue, said that the Department assisted with preparation of the bill and that the bill guarantees wide consultation and protection of the property tax base.

Ms. Brenda Schye, Montana Arts Advocacy, said that the bill allows for a good investigation of the possibility of acquisition of the Daly Mansion and that they support the bill.

Mr. Robert Mintow, representing the estate of Margit Besseney, said he was present to answer questions the committee might have. Ms. Besseney currently owns the buildings and ranch.

Representative Bernie Swift, House District 64, submitted written testi-

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mony (Exhibit 3) and suggested amendments in Exhibit 4.

Senator Elmer Severson said that the project needs very intense study. He suggested the committee amend the bill to allow the study to go beyond 90 days.

OPPONENTS

None were heard.

Questions from the committee were called for.

Senator Goodover asked about the furnishings. Representative Fritz said that some furnishings are still there, that most have been taken out, but are locatable.

Senator McCallum asked about money to refurbish grounds and house. Representative Fritz said that the building was structurally sound, but had been untended for 40 years. He said it would need rewiring and replumbing.

Senator McCallum asked how many acres would go with the mansion. Representative Fritz said that would be a subject of negotiation. He said perhaps, 80 to 120 acres are a part of the mansion grounds.

Senator McCallum asked Mr. Flynn about the elk habitat. Mr. Flynn said that probably covered about 1400 to 1500 acres. Senator McCallum asked of it was expected that this would be part of the aquisition. Mr. Flynn said that is not an assumption at this time. He said that they would like involvement in managing the herd both to protect it and also to work with damage problems for other properties.

Mr. Minto said there are no absolutes at this time. He said this bill would give the Historical Society and the Department of Fish, Wildlife and Parks the ability to negotiate. He said at this time no one even knows how much tax is involved. He said that no appraisals have been done. He said this is not a final thing, but a vehicle for dialogue.

Senator McCallum asked about arrangements for management of the elk herd. Mr. Minto said that they intended to leave a viable economic unit in the ranch and that would be part of the negotiation.

Senator Towe asked if there was any idea of the tax liability. Mr. Minto said it would be pure speculation at this point. Senator Towe asked about other heirs. Mr. Minto said there is a stepson and a legal question about whether he would be considered a lineal descendant. He said that if the bill passes that argument will not have to be made. Senator Towe asked what Ms. Besseney's relationship to Daly was. Mr. Minto said that she was Mr. Daly's granddaughter.

Senator Goodover asked if there was any effort to sell the property. Mr. Minto said that no effort had been made to sell Riverside, the

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grounds of the mansion, or the Stockfarm.

Senator Goodover asked if the widow of Marcus Daly III was still living. Mr. Minto said she has no interest as her relationship is based on an affinity and not a consanguinity.

In response to a question Mr. Minto said that Ms. Besseney is a resident of Montana and her stepson is a resident of New York. He said the will be probated in New York by its own terms.

Senator Halligan asked if the valuation changes would have an effect on the tax base and said that it would be realistic to give county commissioners veto power. Representative Fritz said that was a controversial part of the bill, but that in this case the county commission did support the bill.

It was discussed that the period of time during which these buildings could be acquired was limited. Senator Towe asked who the provisions of the bill applied only for a limited time. Representative Fritz said these restrictions were built in to get the bill passed and that he thought it was good to leave them in to see how the process worked before it would become a permanent piece of public policy.

Senator Towe asked how the value would be established and Representative Fritz said that would be part of the negotiation process. Mr. Minto responded that it had been left intentionally vague to give the necessary flexibility in the mechanism to establish value. He said the estate would be doing an appraisal. The nature of a qualified appraisal was explored briefly by the committee.

The current appraisal of the buildings at this time was estimated at \$50,000 to \$100,000. He said he was uncertain about which buildings the estimate referred to. Mr. Minto added that the Bitterroot Stock Farm and Riverside are two separate pieces of property.

Senator Towe asked if the value would be sufficient to pay all the inheritance tax. Representative Fritz said that the language of the bill is written to insure that the state gets a good deal.

The timing was discussed and Mr. Minto said that the probation of the estate will involve five states and two foreign countries. He said that without the bill a meaningful plan for estate closure would not be possible. He said they are trying to get the federal return filed within nine months. He said it cannot wait until next session.

Senator Eck asked Mr. Parker what his group envisioned. Mr. Parker said they were thinking about operating the mansion in a manner similar to the Conrad Mansion at Kalispell. He said they were looking at the admission fees, and curio sales from that mansion. He said it would be a long-term project and they might be looking at the year 2000 to fill out the program. He said that Hamilton has an excellent track record for doing these projects. He cited the Ravalli County Courthouse and St. Mary's Mission. He said it is a large project but people are not afraid of it.

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Senator Towe asked if the local group would expect the title to transfer. Mr. Parker said he didn't know.

In closing Representative Fritz said that the intent is to enable the state to make this acquisition. He said that it must be certified historically unique, that the Revenue Oversight Committee would have to be consulted, that the in-kind review committee would have two legislators and that the Department of Revenue consult. He said that it does not obligate the state in anyway. He noted the sunset provision in the bill and the legislative procedure to establish the process.

CONSIDERATION OF HB 693: Representative Fancis Koehnke, House District 92, was recognized as chief sponsor of the bill. He said that the bill simply exempts wells and septic tanks and their underground wires. He said it would prevent taxation in the counties where it isn't already done and said that with the passage of SB 431 there would be fewer affected by the bill.

PROPONENTS

Mr. Ken Kelly of the Montana Irrigators, an organization of farmers and ranchers, said that the value is already included in the value of the houses. He said they support this being only applicable to bona fide farmers. He said they strongly support the bill.

Mr. Alan Eck, Montana Farm Bureau Federation, submitted his testimony in writing (Exhibit 5).

Ms. Lavina Lubinas submitted written testimony in behalf of the Women Involved in Farm Economics (Exhibit 6).

Mr. Stewart Doggett, representing the Montana Woolgrowers, supported the bill.

Mr. Greg Groepper, Department of Revenue, said that at the beginning of the session the Department had alerted the Legislature about problems with the application of this law. He said that this bill would address those problems.

OPPONENTS

None were heard.

Questions from the committee were called for.

Senator Severson asked why this was necessary when SB 67 was on its way to the Governor. Representative Koehnke said that either bill would handle the situation.

The committee repeated earlier discussion of SB 67.

In closing Representative Koehnke said that it is the intent that wells and septic tanks be exempt. He said he has no pride of authorship, but wants the problem addressed.

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CONSIDERATION OF HB 168: Mr. Les Saisbury of the Department of Revenue discussed the method of capitalizing net income as it is commonly used for valuing agricultural property. He provided the committee with Exhibit 7 which answered questions on the subject.

Senator Towe was reassured that the result was the same whether the tax was used in the top or bottom of the formula fraction. Mr. Saisbury added that it was difficult to come up with a typical tax, but that a tax rate could be easily arrived at.

Senator Brown said that the effect on the taxpayer could fluctuate wildly with this system and again suggested use of soil type for productivity. Mr. Saisbury said that the bill would still be necessary to work out the production value for a specific soil type, though he felt that ideally that would be the way to go.

MOTION: Senator Severson moved that HB 168 be concurred in as amended. Senators Brown, Mazurek, Lybeck and Goodover voted no; all other members present voted yes, Senators McCallum and Neuman were absent. The motion carried. Senator Neuman was assigned to carry the bill.

CONSIDERATION OF HB 869: Representative Red Menahan said that this bill changes the schedule from \$10,000 to \$12,000. He said that people covered are allowed a greater deduction because it had not been changed since 1979 and people entitled to the deduction previously were not now qualifying.

PROPOSERS

Mr. Greg Groepper, Department of Revenue, said this had not been adjusted for inflation and that it kept getting missed. He said that the Department has no problem with the proposed bill.

OPPOSERS

None were heard.

Questions from the committee were called for.

Senator Brown asked why the language referred to widows and widowers instead of simply to single people. Mr. Groepper said that it was patterned on current law. The committee agreed that they did not want the deduction applied in a discriminatory manner.

MOTION: Senator Goodover moved that HB 869 be amended per the Standing Committee Report attached here. With Senator Hager voting no, and all other members present voting yes, the motion carried.

MOTION: Senator Eck moved that HB 869 be concurred in as amended. The motion carried unanimously. Senator Eck agreed to carry the bill.

CONSIDERATION OF HB 924: Mr. Jim Lear, committee staff, presented the

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committee with amendments that would include military reservations in the bill.

MOTION: Senator Halligan moved that HB 924 be amended per the Standing Committee Report attached here. The motion carried unanimously.

MOTION: Senator Mazurek moved that HB 924 be concurred in as amended. The motion carried unanimously.

Chairman Towe adjourned the meeting at 10:16 am.



Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date April 9, 1985

Location -- Room 413-415

Name Present Absent Excused

Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	8:15		
Senator McCallum	✓		
Senator Neuman			✓
Senator Severson	✓		
Senator Towe	✓		

, 1983

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with agent.)

Montana Historical Society

The Montana Historical Society supports HB 701 which would permit the Society together with local citizens, legislators and the Department of Revenue to study the feasibility of acquisition of certain historically significant portions of the Marcus Daly Estate in Hamilton. This legislation will further permit the acquisition to take place if all parties, including the Board of Examiners which is comprised of our highest elected officials, agree that it is in the best interest of the citizens of Montana.

The Montana Historical Society is responsible for earning or soliciting much of its support through donation. Before we would recommend acquisition of any historically significant portion of the Daly estate we would need to know renovation costs, operational costs and long term sources of financial and volunteer support available to underwrite them.

We believe that whether friend or foe of Marcus Daly, the significance of his impact is unquestioned. In addition to its historical significance, the Daly Mansion is in a grand style unique in Montana. The Mansion and environs are of tremendous educational and historical value. They ought to be preserved if at all possible. This bill will also allow that possibility to be explored and it will permit acquisition within the time constraints incumbent upon the estate. We will recommend that acquisition only if the project appears feasible both financially and professionally. With these comments in mind, the Society supports HB 701.

HB 701

Testimony presented by Jim Flynn, Department of Fish, Wildlife & Parks

April 9, 1985

The department continues to support HB 701 as amended. It presents an opportunity - in some cases, perhaps the only opportunity - to protect and preserve the best of Montana's natural and cultural heritage.

The department is prepared to accept the role prescribed for it by this legislation. We look forward to testing its viability through the Bitterroot Stock Farm demonstration project.

The foothills portion of this property provides winter range for approximately 600 elk. In the past, the management of the stock farm has protected this elk herd, and in some instances, this management has been to the detriment of the neighboring landowners. HB 701 would provide options to address this situation by alleviating the problem and protecting the integrity of the elk herd.

It should be pointed out that the only possibility is not that the department should own the property. In fact, if the property were to be managed as a livestock operation with a reasonable amount of hunter access, the best possible circumstance may be achieved.

However, if this is not achieved, this legislation would allow other options to be considered. Among those would be conservation easements to enhance the economics of a possible livestock operation and maintain the elk herd's integrity - or, if all else fails - to allow this agency to control some portion of the stock farm.

In summary, Mr. Chairman, this bill offers a unique opportunity to explore new ways to preserve Montana's treasured assets. Passage of the bill would not automatically convey property to the state. It would instead permit a dialogue with the heirs which, if successful, would allow such conveyance. We urge your favorable consideration of HB 701.

Thank you.

Senate Taxation Committee

April 12, 1985

Reference: HB 701
(Daly Mansion Bill)

Mr. Chairman and Committee Members:

My name is Betty Swift and I'm here as a concerned citizen of Ravalli County. I neither support nor oppose the intent of this bill, which everyone knows is to consider the possible State acquisition of the Daly Mansion and winter Elk range in the Bitterroot Valley. (Ravalli County). I do, however, have serious reservations about the procedure set up in HB 701, that of allowing a state entity the authority to make final **fiscal** decisions that could result in losses of up to five million dollars in State revenue and possibly also obligate Ravalli County and the State of Montana for future expenditures that could also reach into the millions of dollars. And the bottom line is that in the bill, we don't even know how much money we're talking about. Only the State Legislature itself has the authority to appropriate money and make these kinds of money decisions. But if this bill passes, the Legislature gives away its authority to the Department of Revenue and State Board of Examiners.

In attending earlier hearings on this bill, I listened to lawyers for the Daly estate stress that their client would probably not be willing to wait for a final inheritance tax-land exchange decision until the next Legislature meets in 1987. They ask the State of Montana to wave normal fiscal procedure to accomodate them and their time schedule. Yet they are unable to furnish the State with any land or property appraisal values. The State really has no idea of the size of the investment being considered.

Exhibit 3 -- HB 701
April 9, 1985

I have no doubts about the State receiving fair property value in lieu of inheritance tax. There would be no State money outlay here, tho it would mean a loss of tax to our general fund, and taking property off the county tax roll. I am concerned about what use we would make of this huge building, how much it will cost the State to fix it up, and if it would be an economically sound investment for our taxpayers. And I am concerned about who will pay the costs of repairing, renovating and restoring this badly deteriorated old building. Yearly maintenance costs would be in addition to the above and certainly not cheap in view of the rising costs of energy etc. It seems unlikely that the Historical Society, Department of Revenue or our own County Commissioners are in a position to obligate funds for such an extensive project. I realize all the above questions will be addressed by a Review Committee, but definitely feel the Legislature itself should be involved with any final decisions, since it looks like they would be the ones shouldering most costs incurred.

In view of my above concerns, I strongly recommend that HB 701 be further ammended to provide for final Legislative review and approval in 1987, reather than allowing the Director of the Revenue Dept. or the Board of Examiners to make this economically important decision.

Betty Swift
SE 206 Rose Lane
Hamilton, Montana



COMMITTEE OF THE WHOLE AMENDMENT

3230955b.cw
3-23-85
9:55

MR. CHAIRMAN: I MOVE TO AMEND

HOUSE

Bill No. 701

SECOND

reading copy (YELLOW) as follows:
color

Page 1 of 2

1. Title, line 7.

Following: "AN ACT"

Strike: "ALLOWING"

Insert: "REQUIRING"

2. Title, lines 8 and 9.

Following: "REVENUE" on line 8

Strike: "AFTER CONSULTATION WITH THE REVENUE OVERSIGHT
COMMITTEE"

Insert: "FOLLOWING APPROVAL BY THE LEGISLATURE"

3. Page 5.

Following: line 2

Insert: "(b) the in-kind committee's response to a
statement from the receiving entity concerning the
methods available for the maintenance, supervision, and
care of the object, site, or interest in real property;
and

Renumber: subsequent subsection

4. Page 5, line 6.

Following: "TO"

Strike: "[SECTION 4]"

Insert: "subsection (4) (a)"

5. Page 5.

Following: line 14

Insert: "(7) At its earliest meeting, either in regular or
special session, the legislature shall approve or
disapprove the in-kind payment based upon the report of
the in-kind review committee and the report of the
revenue oversight committee, if a report is made."

Renumber: subsequent subsection

6. Page 5, line 20.

Following: "(1)"

Strike: "Upon RECEIPT OF THE written"

Insert: "Following legislative approval of the"

7. Page 5, lines 21 and 22.

Following: "entity" on line 21

Strike: the remainder of line 21 through "COMMITTEE" on
line 22

Exhibit 4 -- HB 701
April 9, 1985

Bessie Smith

HB 701

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Amendments (cont'd)

8. Page 5, lines ²² ~~23~~ through 24.

Following: line 22

Strike: "line 22 in its entirety through "and" on line 24

Insert: "shall,"

9. Page 6.

Strike: lines 6 through 11 in their entirety - subsection (2)

Renummer: subsequent subsection

10. Page 6, line 13.

Following: "when"

Insert: "; (a)"

11. Page 6, line 14.

Following: "\$250,000"

Insert: "; and

(b) the legislature has given approval to the in-kind payment as provided in [section 3]"

12. Page 6.

Following: line 18

Insert: "(3) An in-kind payment that results in a decrease in the value of the taxable property in a county must be approved by the county commissioners of the county in which the property is located."

Already Amended in - Delete

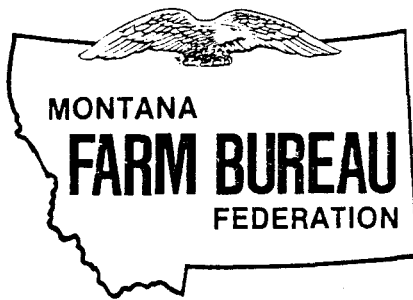
B/H Sep

13. Page 7, line 8.

Following: "revenue"

Strike: "AND THE REVENUE OVERSIGHT COMMITTEE"

RECEIVED
RECEIVED



502 South 19th

Bozeman, Montana 59715

Phone (406) 587-3153

TESTIMONY BY: Alan Eck

BILL # HB-693

DATE 4/09/85

SUPPORT XXXX

OPPOSE _____

Mr. Chairman and members of the committee, for the record my name is Alan Eck. I am representing the Montana Farm Bureau Federation.

We would like to go on record as supporting this bill. The delegates at the 1984 Montana Farm Bureau State Convention in December, passed a policy opposing any effort to tax domestic and agricultural water wells and septic systems. So we would ask that this committee give HB-693 a "do-pass" recommendation. Thank You.

Exhibit 5 -- HB 693
April 9, 1985

Alan Eck
SIGNED

— FARMERS AND RANCHERS UNITED —

HB 693

4/9/85

✓ S. Taxation
✓ Support

Mr Chairman and members of the Committee
for the record my name is Loretta Lubenau
representing Women Involved in Farm Economics

We would like to go on record as
supporting HB 693

We feel the water, sewer and underground
pipes are all ready included in the home
or property tax value we now pay.

We urge your support of the Bill.

Thank you.

Exhibit 6 -- HB 693
April 9, 1985

Utilities. Included in this category are gas, water, electricity, sewer charge, fuel, telephone, and trash removal. Since utilities fluctuate from time to time, a careful review of expenses of comparable properties must be made in order to determine reasonable and typical utility expenses.

Supplies and Materials. In this category are expendable items used in the day-to-day operation of the property, such as office supplies, light bulbs, grass seed, fuses, and fertilizer.

Repairs and Maintenance. This category includes expenses necessary to keep the property operating and covers the repair of such items as the roof, water heaters, cooling systems, broken glass, and painting. This category should not be confused with reserves for replacement. Expenses in the category "reserves for replacement" are anticipated, predetermined expenses, with an annual charge set up for replacement. Repairs and maintenance are normal maintenance expenses necessitated by the physical use of the property.

Property Taxes. Property taxes may be considered an expense item in the income approach. However, in appraisal procedures for assessment purposes, a preferable way of handling this item is to use an effective tax rate as part of the capitalization rate (see the section entitled "Effective Tax Rate" in chap. 11).

Insurance. This is a proper expense item that should be checked to ensure that the insurance coverage is adequate and that the expense charged is only for one year. (Many insurance premiums cover more than one year; in such cases, annual proration is necessary.)

Miscellaneous. Items in this category should be small ones

Sale price	\$150,000
Land value	\$ 50,000
Discount rate	10%
Net income before recapture but after taxes	\$ 17,000

By using the formula "rate times value equals income," the income necessary to satisfy a discount rate of 10 percent can be found:

$$\$150,000 \times 10 \text{ percent} = \$15,000 .$$

If \$15,000 of the net income is discount, the remainder of the income represents recapture. Therefore, the recapture rate can be found by using the formula "income divided by value equals rate." Only the building value is used.

$$\frac{\$2,000}{\$100,000} = 0.02 .$$

The recapture rate is 2 percent.

Effective Tax Rate

The effective tax rate is the third component of the total capitalization rate. It is determined by multiplying the level of assessment for the property by the local current tax rate. In chapter 10, it was indicated that property taxes could be considered an expense item but that it was preferable appraisal practice to develop an effective tax rate. Consideration needs to be given to the tax rate structure prior to reaching this conclusion.

The local tax rate structure may vary from one taxing jurisdiction to another. Some jurisdictions refer to the rate as dollars per hundred, while others use millage or dollars per thousand. The assessment ratio will also differ, depending on the jurisdiction and possibly the class of property under assessment. When full-value assessments are referred to, the assessed value is theoretically equal to the market value. When the assessment is computed using a percentage, the result is a fractional assessment.

An *assessment ratio* is the ratio of assessed value to full

market value. An assessment ratio can be demonstrated as follows: a new retail-store building just sold for \$100,000; if the assessment is \$40,000, the assessment ratio can be calculated by dividing the assessed value of \$40,000 by the sale price of \$100,000. The resulting ratio is 40 percent ($\$40,000 \div \$100,000$).

In considering the income and expenses of a property, a decision must be made regarding the property taxes. When property is valued for ad valorem tax purposes, taxes should not be considered an expense item. Since any deduction from gross income directly affects the indicated property value through the income approach, only typical and reasonable expenses can be used. It might be questioned how a typical and reasonable figure for taxes can be found when taxes are normally based on the property value itself. Furthermore, taxes are assessed annually on the basis of the property value, the level of assessment, and the current tax rate or millage. What figures should be used if the property is new and must be assessed for the first time, if taxes have increased rapidly for the past few years, or if the property is not equitably assessed?

When the income approach is used to determine the property value for tax purposes, the practice of using property taxes as an expense item is based on a preconceived value and discredits the whole approach. Since taxes are often the largest single expense, this practice leaves the final value conclusion subject to considerable error. The problem can be resolved by developing an effective tax rate and by including the rate in the capitalization rate for the property under appraisal.

The effective tax rate for a property expresses the relationship between the property value and the tax bill. For example, a properly assessed retail-store building with a value of \$125,000 has a tax bill of \$3,000. The effective tax rate is 2.4 percent:

$$\frac{\$3,000 \text{ (tax bill)}}{\$125,000 \text{ (property value)}} = 0.024$$

This demonstrates that owners of equitably assessed property will pay 2.4 percent of the property value in taxes this year.

Using the same figures, we may arrive at the rate 2.4 percent by multiplying the level of assessment by the tax rate. Assuming that commercial property is assessed at 40 percent of market value and that the tax rate is \$6 per hundred, or 0.06, we have

$$0.40 \times 0.06 = 0.024 .$$

The effective tax rate can be developed for any class of property in a jurisdiction by multiplying the appropriate level of assessment by the current tax rate expressed as a decimal or a percentage. The resulting value conclusion is not prejudiced by a predetermined value judgment as it is when taxes are included as an expense item. When the same information is used for a given property, the result will be the same regardless of whether the taxes are subtracted from gross income as an expense or are included in the capitalization rate as an effective tax rate. This assumes that the taxes are based on a correct assessment, that the same tax rate is used, and that the same land and building values are used.

Table 11.1 presents an example demonstrating the validity of treating the real estate tax expense as an effective tax rate. The example in column 1 is a building residual technique problem worked with an effective tax rate included as part of the capitalization rate for both land and building. The example in column 2 is the same problem with real estate taxes as a deduction from effective gross income and assumes that the tax of \$2,833 is the result of a proper assessment. This method prejudices the results, since an assumption must be made regarding the value before a determination can be made that \$2,833 is a reasonable and proper figure for taxes. The difference of \$3 between the two examples is due to rounding in the mathematical process.

Amend HB 924, 3rd Reading (blue) Copy

1. Title, line 8.

Following: "RESERVATIONS"

Insert: "AND TO NCO AND OFFICERS CLUBS LOCATED ON FEDERAL MILITARY RESERVATIONS"

2. Page 2, line 3.

Following: "available"

Strike: "."

Insert: "; and

WHEREAS, the NCO and officers clubs located on federal military reservations in Montana have operated for many years as federal enclaves beyond the jurisdiction of state laws relation to licensing and regulation of alcoholic beverages; and

WHEREAS, effective December 1, 1984, Air National Guard Regulation 215-2 requires NCO and officers clubs to comply with state laws relating to licensing and regulation of alcoholic beverages; and

(continued)

WHEREAS, the enforcement of Montana's alcoholic beverage license quota creates a hardship for NCO and officers clubs which have historically operated as social clubs without profit motive and which do not have the economic capacity to compete for licenses."

3. Page 2, line 8.

Following: "reservation"

Insert: "and to NCO and officers clubs located on federal military reservations"

4. Page 2, line 11.

Following: "1."

Strike: "Exception"

Insert: "Exceptions"

5. Page 2, line 12.

Following: "licensees"

Insert: "and NCO and officers clubs"

6. Page 2, line 15.

Following: "to"

Insert: ": (a)"

7. Page 2, line 17.

Following: "act]"

Strike: "."

Insert: "; (b) an NCO or officers club located on a federal military reservation in Montana on [the effective date of this act]."

8. Page 2, line 22.

Following: "under"

Strike: "this section"

Insert: "subsection (1) (a)"

9. Page 3, line 5.

Following: "2."

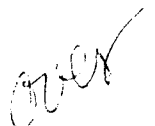
Strike: "Exception"

Insert: "Exceptions"

(continued)

10. Page 3, line 7.
Following: "licensees"
Insert: "and NCO and officers clubs"
11. Page 3, line 8.
Following: "to"
Insert: ": (a) "
12. Page 3, line 11.
Following: "act]"
Strike: "."
Insert: "; (b) an NCO or officers club located on a federal military reservation in Montana on [the effective date of this act]."
13. Page 3, line 16.
Following: "under"
Strike: "this section"
Insert: "subsection (1) (a) "
14. Page 6, line 1.
Following: "under"
Insert: "subsection (1) (a) of"
15. Page 6, line 6.
Following: "to"
Insert: "an NCO or officers club located on a federal military reservation on [the effective date of this act] or to"
16. Page 9, line 20.
Following: "under"
Insert: "subsection (1) (a) of"
17. Page 10, line 1.
Following: "to"
Insert: "an NCO or officers club located on a federal military reservation on [the effective date of this act] or to"
18. Page 10, line 25.
Following: "under"
Insert: "subsection (1) (a) of"

(continued)



19. Page 10, line 15.

Following: "under"

Insert: "subsection (1)(a) of"

20. Page 12, line 1.

Following: "under"

Insert: "subsection (1)(a) of"

HB 924 Amendments 3rd Reading Copy (blue)

1. Page 2, line 17.

Following: "reservation"

Strike: "on [the effective date of this act]"

Insert: "under a tribal license issued prior to January 1, 1985"

2. Page 3, line 11.

Following: "reservation"

Strike: "on [the effective date of this act]"

Insert: "under a tribal license issued prior to January 1, 1985"

STANDING COMMITTEE REPORT

Page 1 of 2

April 9,

1935

MR. PRESIDENT

SENATE TAXATION

We, your committee on

HOUSE BILL

No. 869

having had under consideration

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(ECK WILL CARRY)

INCREASING PROPERTY TAX RELIEF TO RETIREEES BY ALLOWING MEDICAL DEDUCTION

Respectfully report as follows: That

HOUSE BILL

No. 869

be amended as follows:

1. Title, lines 5 and 6.

Following: "AN ACT" on line 5

Strike: "REVISING THE INCOME SCHEDULE ON WHICH"

Insert: "EXTENDING TO ALL LOWER INCOME PROPERTY OWNERS THE"

Following: "REDUCTIONS" on line 6

Strike: "ARE BASED"

2. Title, line 9.

Following: ";

Insert: "ADJUSTING THE INCOME SCHEDULE FOR SUCH PROPERTY TAX
REDUCTIONS;"

3. Title, line 10.

Following: "15-6-134"

Strike: "AND"

Insert: ";

Following: "15-6-142"

Insert: ", AND 15-6-151"

4. page 1, line 25 through line 8, page 2.

Following: "of" on page 1, line 25

Strike: remainder of line 25 through "benefits" on line 8, page 2

Insert: "any person"

(continued)

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XXXXXXXXXX

Chairman.

April 9,

19. 35

5. Page 4, lines 12 through 20.

Following: "of" on line 12

Strike: remainder of line 12 through "benefits" on line 20

Insert: "any person"

6. Page 5, line 7.

Following: line 6

Insert: "Section 3. 15-6-151, MCA, is amended to read:

"15-6-151. Application for certain class four classifications.

(1) A person applying for classification of property described in subsection (1)(c) of 15-6-134 shall make an affidavit to the department of revenue, on a form provided by the department without cost, stating:

(a) his income;

~~(b) his retirement benefits;~~

~~(c) his marital status;~~

~~(d) (b) the fact that he maintains the land and improvements as his primary residential dwelling, where applicable; and~~

~~(e) (c) such other information as is relevant to the applicant's eligibility.~~

(2) This application must be made before March 1 of the year after the applicant becomes eligible. The application remains in effect in subsequent years unless there is a change in the applicant's eligibility. The taxpayer shall inform the department of any change in eligibility. The department may inquire by mail whether any change in eligibility has taken place and may require a new statement of eligibility at any time it considers necessary.

(3) The affidavit is sufficient if the applicant signs a statement affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department of revenue. This signed statement shall be treated as a statement under oath or equivalent affirmation for the purposes of 45-7-202, relating to the criminal offense of false swearing."

Renumber: subsequent sections

AND AS AMENDED
BE CONCURRED IN

THOMAS E. TOWE, Chairman

STANDING COMMITTEE REPORT

April 9, 1985

MR. PRESIDENT

We, your committee on **SENATE TAXATION**having had under consideration **HOUSE BILL** No. **168**third reading copy (blue)
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(NEUMAN WILL CARRY)

**TO REQUIRE CAPITALIZATION OF NET INCOME METHOD FOR VALUING
AG LANDS**Respectfully report as follows: That **HOUSE BILL** No. **168**

be amended as follows:

1. Page 2, lines 12 and 13.

Following: "values" on line 12

Strike: remainder of line 12 through "1986" on line 13

Insert: "In computing the agricultural land valuation schedules
to take effect on January 1, 1991, or on the date that the
reevaluation cycle commencing January 2, 1986, takes effect
pursuant to 15-7-111"

2. Page 3, line 17.

Following: "(6)"

Strike: "MONTANA STATE UNIVERSITY SHALL ANNUALLY COMPILE"

Insert: "To the degree available, the department shall compile:
(a)"

3. Page 3, line 20.

Following: "DATA"

Strike: "SHALL"

Insert: "may"

4. Page 3, line 21.

Following: "PRICES"

Strike: "SHALL"

Insert: "may"

Following: "INCLUDE"

Strike: "BUT NOT BE LIMITED TO"

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(continued)

Chairman.

April 9, 1985

5. Page 3, line 24.

Following: "SHEEP."

Strike: "SUCH COMMODITY PRICES SHALL INCLUDE GOVERNMENT"

Insert: "Government"

Page 3, line 25.

Following: "PAYMENTS"

Strike: "CALCULATED PER UNIT OF MEASURE"

Insert: "may be considered"

6. Page 4, line 1.

Following: "ARRANGEMENTS"

Strike: "SHALL"

Insert: "may"

Strike: "COMPILED FOR EACH USE"

Insert: "considered"

7. Page 4, lines 2 and 3.

Following: line 1

Strike: line 2 through "ADEQUATE" on line 3

Insert: "(b)"

8. Page 4, line 5.

Following: "DATA"

Strike: "SHALL"

Insert: "may"

9. Page 4, line 6.

Following: "COSTS"

Strike: "SHALL"

Insert: "may"

Following: "INCLUDE"

Strike: "BUT NOT BE"

10. Page 4, line 7.

Following: Line 6

Strike: "LIMITED TO"

11. Page 4, line 12.

Following: "ARRANGEMENTS"

Strike: "SHALL BE COMPILED FOR EACH LAND USE"

Insert: "may be considered"

12. Page 4, lines 13 and 14.

Strike: subsection (9) in its entirety

Renumber: subsequent subsections

(continued)

April 9, 1985

13. Page 4, line 19.

Following: "THROUGH"

Strike: "(9)"

Insert: "(6)"

Following: "-"

Insert: "The advisory committee shall include one member of the
Montana state university staff."

14. Page 4, line 25.

Following: "THROUGH"

Strike: "(9)"

Insert: "(7)"

AND AS AMENDED
BE CONCURRED IN

THOMAS E. TONE, Chairman

STANDING COMMITTEE REPORT

HOUSE BILL 924
PAGE 1 of 4 PAGES

APRIL 9

85

19.....

MR. PRESIDENT

~~ISSUE~~ TAXATION

We, your committee on.....

HOUSE BILL

924

having had under consideration..... No.....

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ALCOHOLIC BEVERAGE LICENSES ISSUED ON INDIAN RESERVATIONS

HOUSE BILL

924

Respectfully report as follows: That..... No.....

be amended as follows:

1. Title, line 8.

Following: "RESERVATIONS"

Insert: "AND TO ENLISTED MEN'S, NONCOMMISSIONED
OFFICERS', AND OFFICERS' CLUBS LOCATED ON
FEDERAL MILITARY RESERVATIONS"

2. Page 2, line 3.

Following: "available"

Strike: "."

Insert: "; and

WHEREAS, the enlisted men's, noncommissioned
officers', and officers' clubs located on federal
military reservations in Montana have operated for
many years as federal enclaves beyond the jurisdiction
of state laws relating to licensing and regulation
of alcoholic beverages; and

WHEREAS, effective December 1, 1984, Air
National Guard Regulation 215-2 requires enlisted
men's, noncommissioned officers', and officers' clubs
to comply with state laws relating to licensing and
regulation of alcoholic beverages; and

XXXXX
DOFAS

XXXXXXXXX

CONTINUED

Chairman.

WHEREAS, the enforcement of Montana's alcoholic beverage license quota creates a hardship for enlisted men's, noncommissioned officers', and officers' clubs which have historically operated as social clubs without profit motive and which do not have the economic capacity to compete for licenses."

3. Page 2, line 8.

Following: "reservations"

Insert: "and to enlisted men's, noncommissioned officers', and officers' clubs located on federal military reservations"

4. Page 2, line 11.

Following: "1."

Strike: "Exception"

Insert: "Exceptions"

5. Page 2, line 12.

Following: "licensees"

Insert: "and enlisted men's, noncommissioned officers', and officers' clubs"

6. Page 2, line 15.

Following: "to"

Insert: ": (a)"

7. Page 2, line 17.

Following: "reservation"

Insert: "under a tribal license issued prior to January 1, 1985: (b) an enlisted men's, noncommissioned officers', or officers' club located on a federal military reservation in Montana"

8. Page 2, line 22.

Following: "under"

Strike: "this section"

Insert: "subsection (1)(a)"

9. Page 3, line 5.

Following: "2."

Strike: "Exception"

Insert: "Exceptions"

10. Page 3, line 7.
Following: "licensees"
Insert: "and enlisted men's, noncommissioned officers',
and officers' clubs"
11. Page 3, line 8.
Following: "to"
Insert: ": (a)"
12. Page 3, line 11.
Following: "reservation"
Insert: "under a tribal license issued prior to
January 1, 1985; (b) an enlisted men's,
noncommissioned officers', or officers' club
located on a federal military reservation in
Montana"
13. Page 3, line 16.
Following: "under"
Strike: "this section"
Insert: "subsection (1) (a)"
14. Page 6, line 6.
Following: "to"
Insert: "an enlisted men's, noncommissioned officers',
or officers' club located on a federal military
reservation on [the effective date of this act] or
to"
15. Page 10, line 1.
Following: "to"
Insert: "an enlisted men's, noncommissioned officers',
or officers' club located on a federal military
reservation on [the effective date of this act]
or to"
16. Page 10, line 25.
Following: "under"
Insert: "subsection (1) (a) of"

APRIL 9

85

19.....

17. Page 11, line 15.
Following: "under"
Insert: "subsection (1)(a) of"
18. Page 12, line 1.
Following: "under"
Insert: "subsection (1)(a) of"
19. Page 14, line 10.
Following: "1985"
Insert: ", and to enlisted men's, noncommissioned officers', and officers' clubs located on federal military reservations in Montana on [the effective date of this act]"

AND AS AMENDED

BE CONCURRED IN

.....
Senator Thomas E. Towe, Chairman