

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 20, 1985

The seventy-eighth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 8:10 am in Room 413-415 of the State Capitol.

ROLL CALL: Senators Brown, Eck, Goodover, Hirsch, Lybeck, Mazurek, Neuman and Towe were present at roll call. Senator Hager arrived at 8:20 am, Senators McCallum and Severson at 8:30 am, and Senator Halligan at 8:35 am.

CONSIDERATION OF SJR 43: Senator Towe said that this was a follow-up resolution to SJR 17 which addressed centrally assessed property. He said that the question involved is valuation of those properties. He presented the committee with Exhibit 1 which shows the values and the taxes paid. He said that it is apparent that further study needs to be done.

PROPOSERS

None were heard.

OPPOSERS

None were heard.

Questions from the committee were called for. None were asked.

Senator Towe closed without comment.

MOTION: Senator Neuman moved that SJR 43 do pass. Question was called and the motion carried unanimously.

CONSIDERATION OF HB 198:

MOTION: Senator Mazurek moved that HB 198 be concurred in.

Senator Goodover said he felt the 5 percent increase could be circumvented.

Senator Eck said it was important to counties with no growing taxable base. Senator Towe agreed saying that the 5 percent flexibility makes sense.

MOTION: Senator Mazurek moved that HB 198 be amended on page 5, line 25 be striking "0" and inserting "5". The motion carried unanimously.

MOTION: Senator Mazurek moved that HB 198 be concurred in as amended. The motion carried unanimously. Senator Brown volunteered to carry the bill.

CONSIDERATION OF HB 410: The committee first addressed the need

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to strike the coordination instruction.

MOTION: Senator Mazurek moved that HB 410 be amended by deleting Section 3 and renumbering appropriately.

Question was called and the motion carried unanimously.

MOTION: Senator Goodover moved that HB 410 be concurred in as amended.

Senator Towe said that he was concerned that the percentage rate should be at 12.8 percent rather than at 12 percent.

In response to a question by Senator Eck, Senator Towe said that HB 240 was originally a carbon copy of SB 48 leaving commercial and industrial properties coupled. He said it now still leaves them together and pulls out all the "toys" into a different classification. He said nothing is left but commercial property and furniture and fixtures are the same. He said coal ore haulers and mining properties are also the same. He said that railroads and other protected properties are under the formula which works with a weighted average and that the figure for railroad taxation comes out lower. "M" in the formula is the adjustment figure. He said the deflater brings the railroad property down to commercial property. He said the whole issue will surface again next session, but there is provision to get around the 34 percent cases by saying that comparable property has like use.

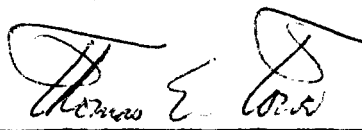
Senator Eck said that she felt the impact to local governments would be unacceptable.

MOTION: Senator Eck moved that on page 2, line 3 HB 410 be amended by striking "12" and inserting "12.8".

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

Question was called on the original motion. Senators Halligan, Eck and Neuman voted no. All other members voted yes. The motion carried.

Chairman Towe adjourned the meeting.



Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date April 20, 1985 8:10

Location -- Room 413-415

Name	Present	Absent	Excused
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Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	8:20		
Senator Halligan	8:35		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	8:30		
Senator Neuman	✓		
Senator Severson	8:30		
Senator Towe	✓		

Property Taxes Paid

Montana Power Company \$23,737,000

Mountain States Telephone \$17,773,575

Burlington Northern Railroad \$9,000,000+

Taxes paid under Settlement \$4,899,000 - 1981

4,356,000 - 1982

6,300,000 - 1983

Total Revenue (B.N.) 1984 \$2,200,000,000 - up 88%

Total Net Profit (B.N.) 1984 \$608,100,000 - up 47%

Value of BN Property

Used by Department ~~of~~ of Revenue: ~~XXXXXX~~

1979 1,436,994,000

1980 1,571,474,000

1981 2,538,268,000

1982 1,788,332,000

1983 1,963,608,000

~~Used by~~ Submitted to SEC - Form 10 K (Replacement Cost Less D,
8,710,291,000

2

Allocated to Montana

12,570

248,778,000

~~Less equalization~~

672

151,754,000

Less equalization

394

97,023,420

Times Classification

15%

~~14,553,513~~

Using AT&T Formula

Cost $\$3,659,487,000 \times 40\% = \$1,463,794,800$

Income 1,587,322,000 x 60% = 952,393,200

Stock value 2,009,994,000 x 0 = ~~0~~ - 0 -

\$ 2,416,188.000

 $x = 12.57 \text{ cm}$

\$ 303,714,830

Results in \$1.4 million more tax

(3)

Kaiser Cement & Gypsum Corporation, Inc - (1979) STAB
4600 ft of railway track - $\$132,560$ appraised
5280 ft of BN track $\$5,508$

Rail - Side track -

115 lbs stamped on it - per yard (3 ft.)

$$5280 \text{ ft.} \div 3 \times 115 \text{ lbs} \times 2 \text{ rails} = 404,800 \text{ lbs} \div 2000 \\ \times \$20^{\circ\circ} \text{ per ton (Pacific Recycling, Helena)} = \$4,048^{\circ\circ}$$

Same rail is appraised by DOR using unitary method
including all ties, bridges, right of way, depots, freight yard,
repair shops, and rolling stock at $\$2500$

Rail - Main line -

132 lbs stamped on it - per yard

$$5280 \text{ ft} \div 3 \times 132 \text{ lbs} \times 2 \text{ rails} \div 2000 \text{ lbs} \times \$20^{\circ\circ} \text{ per ton} \\ = \$4646^{\circ\circ}$$

Same rail is appraised by DOR using unitary method
including all ties, bridges, right of way, depots, freight yard,
repair shops, and rolling stock = $\$25,000$ to $\$30,000$

ROLL CALL VOTE

SENATE TAXATION COMMITTEE 49 th Legislative Session -- 1985

Time _____ Date April 20, 85 Room 413-415

Motion: 12 to 13.8% Eck

HOB 410

Motion fails

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

April 20, 1985

MR. PRESIDENT

We, your committee on **Taxation**

having had under consideration **Senate Joint Resolution** No. **43**

first reading copy (**white**)
color

**STUDY OF CENTRALLY ASSESSED PROPERTY BY REVENUE OVERSIGHT
COMMITTEE.**

Respectfully report as follows: That **Senate Joint Resolution** No. **43**

DO PASS

~~DO NOT PASS~~

Senator Thomas E. Towe, Chairman.

STANDING COMMITTEE REPORT

April 20, 19 85

MR. PRESIDENT

We, your committee on Taxation
having had under consideration House Bill No. 410
third reading copy (blue)
color
(Senator Mazurek)

**REDUCING THE TAXABLE PERCENTAGE RATE APPLIED TO CERTAIN CLASS 11
PROPERTY.**

Respectfully report as follows: That House Bill No. 410
be amended as follows:

1. Page 2, lines 12 through 19.
Strike: Section 3 in its entirety
Re-number: subsequent section

AND AS AMENDED
BE CONCURRED IN

~~XXXX~~
DO PASS

~~DO NOT PASS~~

Senator Thomas E. Towa, Chairman.

STANDING COMMITTEE REPORT

April 20, 1985

MR. PRESIDENT

We, your committee on Taxation
having had under consideration House Bill No. 198
third reading copy (blue color)
(Senator Brown)

ALLOWING AN INCREASE IN TAXABLE VALUE IN CLASS 3 OR 4 REAPPRAISAL.

Respectfully report as follows: That House Bill No. 198
be amended as follows:

- 1. Page 5, line 25.
Following: "to"
Strike: "98"
Insert: "58"

AND AS AMENDED
BE CONCURRED IN

XXXXXX
DO PASS

~~DO NOT PASS~~

Senator Thomas E. Towe, Chairman.