

MINUTES OF THE MEETING
TAXATION COMMITTEE
49TH LEGISLATURE
SPECIAL SESSION III
HOUSE OF REPRESENTATIVES

June 25, 1986 P.M.

The fifth meeting of the taxation committee was called to order in room 312-1 of the capitol at 4:08 p.m. by chairman Gerry Devlin.

ROLL CALL: All members were present with the exception of Representative Iverson, who was excused.

EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 44: Chairman Devlin noted that, because there were some unanswered questions, they would not take action on this bill today, but would leave it until tomorrow.

DISPOSITION OF HOUSE BILL 35: Representative Keenan moved that this bill DO PASS. Representative Raney moved to amend this bill as per the proposed amendments in exhibit 1. He advised that this would only affect mining claims that are barren with no residential, commercial or recreational and were just being held as mining claims.

Representative Sands indicated that it was not appropriate to tax all other property at fair market value and then value this property at the price paid by the United States. He suggested that the way to solve the problem was to require that the property be valued at fair market value, but it is basically not occupied and would be valued at the same rate as agricultural grazing land and then they dropped the 50% rate to 30% and it was calculated that this would basically be the same taxable value and it would not result in a tax increase across the board, but understandably, these are rough calculations.

John LaFaver, director of the department of revenue, advised that the bill is more workable with the amendments, but they could still have two pieces of

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land side by side, one is a mining claim and one is not, neither are being extensively used, and one would pay a small fraction of tax as compared to the other.

Representative Ellison commented that you can't determine what the use of land might be in the future and it is the same with him - the whole ranch might be suitable for recreation and maybe when he retires, he will sell it to a developer, but you can't determine what he will do in the future.

Representative Cohen stated that they appreciate their concerns and they tried to address those concerns, but if it turns out that this is not workable, in six months they can come back in here and let the committee know and they can adjust it then.

Representative Sands made a substitute motion to add on page 2, line 14 the words that apply on amendment #7 "or if the surface is being used for other than mining purposes and has a separate and independent value for such other purpose".

A vote was taken on the substitute motion and it carried unanimously.

A vote was taken on the original motion and it passed unanimously.

Representative Keenan moved that the bill DO PASS AS AMENDED. The motion carried unanimously.

DISPOSITION OF HOUSE BILL 45: Chairman Devlin distributed exhibit 2 to the committee. Representative Williams moved that this bill DO PASS.

Representative Harp noted that this is a new form of funding the public service commission.

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Representative Raney indicated that he had a basic problem with this as the railroads are going to be hit as a regulated carrier, but not the trucking industry.

Representative Harp explained that the trucking industry pays for a stamp for each cab and that money goes into the general fund and in the trucking industry, there is a lot of deregulation going on and he felt that the trucking industry is paying its fair share.

Representative Sands stated that he opposed this bill and he did not think they had to select the worst kind of a tax increase as this is \$1.5 million that is directly passed on to the consumer and it is the epitome of an earmarked account and not only earmarked for the public service commission, but is collected from the very people they are regulating.

Representative Sands moved to amend this bill on page 5, line 12 by striking the words, "section 4 of this" and said that if they have a special session to deal with the budget crisis, they should not pass such a broad scaled bill.

A vote was taken on the motion and the amendment was adopted with 12 voting for it and 7 against. See roll call vote #1.

Mr. Bohyer noted that on page 3, line 1, the word, "must" should be "may". Representative Harp moved this amendment. The motion carried with Representative Asay voting no.

A vote was taken on the DO PASS AS AMENDED motion and the motion carried with 11 voting aye and 7 voting no. See roll call vote #2.

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DISPOSITION OF HOUSE BILL 34: Representative Switzer moved that this bill DO PASS. Representative Williams made a substitute motion that this bill DO NOT PASS.

Representative Asay indicated that he felt that some corrections need to be made in the assessment of property, but he did not think that ten years is the answer. He moved to TABLE this bill.

A vote was taken on the motion and it passed with 13 voting for the motion and 6 voting against it. See roll call vote #3.

ADJOURNMENT: There being no further business, the meeting was adjourned at 5:00 p.m.

GERRY DEVLIN, Chairman

Alice Omang

Alice Omang, Secretary

DAILY ROLL CALL

TAXATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1986

Second Special

Date June 26, 1986
4:00 p.m.

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, Gerry, Chairman	✓		
WILLIAMS, Mel, Vice-Chairman			
ABRAMS, Hugh	✓		
ASAY, Tom	✓		
COHEN, Ben	✓		
ELLISON, Orval	✓		
GILBERT, Bob	✓		
HANSON, Marian	✓		
HARRINGTON, Dan			
HARP, John	✓		
IVERSON, Dennis			✓
KEENAN, Nancy	✓		
KOEHNKE, Francis	✓		
PATTERSON, John	✓		
RANEY, Bob	✓		
REAM, Bob	✓		
SANDS, Jack			
SCHYE, Ted			
SWITZER, Dean	✓		
ZABROCKI, Carl	✓		

STANDING COMMITTEE REPORT

6/25/86

19

Mr. Speaker: We, the committee on TAXATION

report HOUSE BILL 35

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

REP. DEVLIN

ESTABLISH CLASS 18 PROPERTY FOR MINING CLAIMS AND VALUE AT U.S. SALES PRICE Chairman

1. Title, line 7.

Strike: "AT THE PRICE PAID THE UNITED STATES"

Insert: "AS IT WOULD BE VALUED AS AGRICULTURAL GRAZING LAND"

2. Title, line 8.

Strike: "50 PERCENT OF VALUE"

Insert: "THE RATE GENERALLY APPLICABLE TO CLASS FOUR PROPERTY"

3. Page 2, line 14.

Following: "property."

Insert: "Class eighteen does not include any property that is used for residential, recreational as described 70-16-301, or commercial as defined in 15-1-101, purposes, or if the surface is being used for other than mining purposes and has a separate and independent value for such other purposes."

4. Page 2, line ~~25~~²⁶.

Strike: "at the price paid the United States therefor"

Insert: "as if such land were devoted to agricultural grazing use"

5. Page 2, lines 22.

Following: "taxed at"

Strike: "50%"

Insert: "30%"

6. Page 3, line 5.

Following: "but"

Strike: "will be in the future"

Insert: "is being held for that use"

7. Page 3, lines 8 and 9.

Following: "(3)"

Strike: "is relevant to the applicant's eligibility"

Insert: "the department may require to determine an applicant's eligibility and to determine if the surface being used for other than mining purposes and has a separate and independent value for such other purposes"

First reading copy (White)
color

STANDING COMMITTEE REPORT

June 25

19 86

Mr. Speaker: We, the committee on TAXATION

report HOUSE BILL 45

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

**TO PROVIDE FOR FUNDING THE DEPARTMENT OF PUBLIC SERVICE REGULATION BY
FEES LEVIED ON REGULATED COMPANIES;**

1. Page ~~3~~, line 1.

Following: "[section 2]"

Strike: "must"

Insert: "say"

REP. DEVLIN

Chairman

2. Page 5, line ~~12~~.

Strike: "Section 4 of this"

Insert: "This"

ROLL CALL VOTE

Taxation COMMITTEE

Date: 6/25/72 Bill # 45 Number 1

Motion: Amendment - Sonder 4:53

Name	Aye	Nay
DEVLIN, Gerry, Chm.	✓	
WILLIAMS, Mel, V.Chm.		✓
ABRAMS, Hugh		✓
ASAY, Tom	✓	
COHEN, Ben		✓
ELLISON, Orval	✓	
GILBERT, Bob		✓
HANSON, Marian	✓	
HARRINGTON, Dan	✓	
HARP, John		✓
IVERSON, Dennis		
KEENAN, Nancy	✓	
KOEHNKE, Francis	✓	
PATTERSON, John	✓	
RANEY, Bob	✓	
REAM, Bob		✓
SANDS, Jack	✓	
SCHYE, Ted		✓
SWITZER, Dean	✓	
ZABROCKI, Carl	✓	
Totals	12	7

ROLL CALL VOTE

Taxation

COMMITTEE

Date: 6/25 P.M. Bill # 45

Number #2

Motion: Do Pass as Amended

Name	Aye	Nay
DEVLIN, Gerry, Chm.		✓
WILLIAMS, Mel, V.Chm.	✓	
ABRAMS, Hugh	✓	
ASAY, Tom		✓
COHEN, Ben	✓	
ELLISON, Orval	✓	
GILBERT, Bob		
HANSON, Marian		✓
HARRINGTON, Dan	✓	
HARP, John	✓	
IVERSON, Dennis		
KEENAN, Nancy	✓	
KOEHNKE, Francis	✓	
PATTERSON, John		✓
RANEY, Bob		✓
REAM, Bob	✓	
SANDS, Jack		✓
SCHYE, Ted	✓	
SWITZER, Dean		✓
ZABROCKI, Carl	✓	
Totals	11	7

ROLL CALL VOTE

Tornton COMMITTEE

Date: June 25, 1986-P.M. Bill # 34

Number 3

Motion: To Table

Name	Aye	Nay
DEVLIN, Gerry, Chm.	✓	✓
WILLIAMS, Mel, V.Chm.	✓	
ABRAMS, Hugh	✓	
ASAY, Tom	✓	
COHEN, Ben	✓	
ELLISON, Orval	✓	
GILBERT, Bob	✓	
HANSON, Marian		✓
HARRINGTON, Dan	✓	
HARP, John		✓
IVERSON, Dennis		
KEENAN, Nancy	✓	
KOEHNKE, Francis	✓	
PATTERSON, John		✓
RANEY, Bob	✓	
REAM, Bob	✓	
SANDS, Jack		✓
SCHYE, Ted	✓	
SWITZER, Dean		✓
ZABROCKI, Carl	✓	
Totals	13	6

PROPOSED AMENDMENTS TO HOUSE BILL NO. 35
First Reading (White) Copy

1. Title, line 7.

Strike: "AT THE PRICE PAID THE UNITED STATES"

Insert: "AS IT WOULD BE VALUED AS AGRICULTURAL GRAZING
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2. Title, line 8.

Strike: "50 PERCENT OF VALUE"

Insert: "THE RATE GENERALLY APPLICABLE TO CLASS FOUR
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is used for residential, recreational as described
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Strike: "at the price paid the United States therefor"

Insert: "as if such land were devoted to
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Insert: "30%"

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Insert: "is being held for that use"

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Strike: "is relevant to the applicant's eligibility"

Insert: "the department may require to determine an
applicant's eligibility and to determine if the
surface is being used for other than mining
purposes and has a separate and independent value
for such other purposes"

Exhibit 2
HB 45
June 25, 1986
Rep Devlin 50+
Rep Gulicki

ANNUAL REVENUES OF THE 10
LARGEST MUNICIPAL WATER
UTILITIES*

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	<u>TAX @ .06</u>
Billings	7,229,832	4,032,502	11,262,334	6,757.40
Bozeman	1,680,328	823,139	2,503,467	1,502.08
Great Falls	2,169,231	2,184,855	4,354,086	2,612.45
Helena	2,347,706	1,122,655	3,470,361	2,082.22
Miles City	724,518	414,774	1,139,292	683.58
Havre	650,732	339,916	990,648	594.39
Kalispel	591,410	712,142	1,303,552	782.13
Laurel	494,604	355,010	849,614	509.77
Shelby	460,503	91,531	552,034	331.22
Cut Bank	410,920	67,257	478,177	286.91
	<u>16,759,784</u>	<u>10,143,781</u>	<u>26,903,565</u>	<u>16,142.15</u>

Approximate total annual revenues of water utilities \$25,063,050

Approximate total annual revenues of sewer utilities \$15,504,852

*Information obtained from the latest annual report on file with the Montana Public Service Commission.

Devlin
Gulicki (2)