

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
HOUSE OF REPRESENTATIVES  
50TH LEGISLATIVE SESSION

April 10, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on April 10, 1987, at 8 a.m., in Room 312B of the State Capitol.

ROLL CALL: All members were present, except Reps. Hanson and Schye, who were excused. Also present was Greg Petesch, Director of Legal Services, Legislative Council.

DISPOSITION OF SENATE BILL NO. 179: Chairman Ramirez explained the "worst case scenario" he received from Larry Majerus, Motor Vehicle Division, DOR, on prorating motor vehicle fees (Exhibit #1), and said the noxious weed fee is not included in the exhibit.

Rep. Williams made a motion that SB 179 BE CONCURRED IN.

Rep. Koehnke asked what the purpose of the bill is. Chairman Ramirez advised that DOJ requested the bill because the counties are not prorating fees correctly.

Rep. Hoffman stated the counties cannot complete the required paperwork for less than \$10 each time it must be done.

The motion FAILED, with all members voting aye, except Reps. Ream, Harrington, Koehnke, Harp, Keenan, Ellison, Raney, Sands, and Ramirez, who voted no.

Rep. Raney made a motion that SB 179 be TABLED. The motion CARRIED unanimously.

DISPOSITION OF SENATE BILL NO. 390: Chairman Ramirez explained DOR's proposed amendments, which would strike the remainder of line 19 on page 1, following "changes", and insert "(a) no change; (b) changes regarding divorce and death; (c) termination of the grandfather clause". He said that class 19 property would be any undeveloped parcels over five acres and would be taxed at the 2 percent rate, while anything less is assessed at market value and the 3.86 percent rate.

Rep. Raney asked what the varying tax rates would be for 9, 10, and 11 acre plots of land. Greg Groepper, Property Assessment Division, DOR, said that, if the bill passes, all agricultural land would be at the 2 percent class rate,

except any parcels of less than five acres, which would be taxed at the old rate.

Rep. Raney asked when such parcels would not have to meet the \$1,500 agricultural test. Mr. Groepper replied they would have to meet that requirement, no matter what size the parcels of land are, and that, usually, anything over twenty acres can generate \$1,500 in agricultural receipts.

Rep. Sands asked what the rationale is for not changing tax status at death. Chairman Ramirez advised that is an involuntary situation, and the amendment would make the situation fair, as the bill already allows an exclusion for divorce.

Rep. Sands commented that allowing the exclusion through inheritance would continue the grandfather clause indefinitely.

Chairman Ramirez made a motion to approve the amendments proposed on Exhibits #1 and #2. The motion FAILED, with all members voting aye, except Reps. Koehnke, Sands, Keenan, Williams, Raney, and Hoffman, who voted no. Reps. Harp, Hanson, Schye, Patterson, and Asay were excused and did not leave a vote.

Rep. Williams said his only objection to the amendments is that the land could go outside the family.

Rep. Ellison made a motion that the Committee reconsider its action Chairman Ramirez' motion to amend, as Rep. Hoffman stated he did not understand the amendment.

Chairman Ramirez restated his motion, which would allow property transferred by death to continue to be grandfathered until it is sold. A second vote was taken on the motion, which CARRIED, with all members voting aye, except Reps. Keenan, Williams, Sands, Raney, and Harp, who voted no. Reps. Hanson, Schye, Patterson, and Asay were excused absent and did not leave a vote.

Chairman Ramirez made a motion that parcels in excess of five acres would be taxed at 2 percent. The motion CARRIED with all members voting aye, except Reps. Williams and Sands, who voted no. Reps. Hanson, Schye, Patterson, and Asay did not leave a vote.

Rep. Hoffman said he believes a single sale does not constitute market value. Greg Groepper replied that if market value were included in the bill, it would clarify the language in the bill.

Chairman Ramirez made a motion to substitute "market value for "actual sales price" in subsection (1) (c) of the bill. The motion CARRIED unanimously.

Rep. Sands commented that the effective date needs to be addressed. Greg Groepper replied the work would not get done in 1987, and suggested an effective date after December 31, 1987.

Greg Petesch advised that is what the bill does right now.

Chairman Ramirez said he would made a motion to amend the bill to that effect, to make certain. The motion CARRIED unanimously.

Rep. Ellison made a motion that SB 390 BE CONCURRED IN AS AMENDED. The motion CARRIED unanimously.

CONSIDERATION OF SENATE BILL NO. 200: Rep. Asay advised that the Subcommittee determined that 2 percent would leave 36 counties short in the block grant program, and start-up costs would be \$140,000. He explained that a large amount of information would need to be put into the system, requiring \$80,000 and 40-50 fte for set up.

Rep. Asay said the Subcommittee does not support the bill, but recommends the program be appropriated and sunset in two years, if the bill passes.

Rep. Keenan said she believes the Governor would put an amendatory veto on the supplemental budget request if this bill does not pass. Greg Groepper advised that this action has been discussed, but he did not know if the Governor had taken any action yet.

Rep. Keenan made a motion that SB 390 BE CONCURRED IN.

Rep. Asay stated this system should have been implemented in 1981, and wasn't.

Rep. Williams said he supported the bill, and opposed the fee system, as it hasn't been able to meet its obligations to local governments since the system was changed.

Rep. Gilbert said he agreed the bill raises the issue of fairness, and believes the bill should be amended and passed out of committee.

Rep. Hoffman stated he, too, supported the bill, as an ad valorem tax.

Rep. Keenan asked if the bill referred to 2 percent of depreciated value. She stated that, for those counties in need, .5 percent would be an option for two years.

✓ Rep. Patterson asked if the assessors used high or low book value. Rep. Hoffman stated it was his understanding they would be using trade-in or middle value.

Rep. Patterson commented it is possible the assessors should look at bank loan value.

Rep. Sands stated he was against SB 200, because it represents a tax increase and would return the system to the point where people will stand in line for valuation and appraisal at the courthouse.

Chairman Ramirez said he agreed with Rep. Sands, and stated the timing of the bill is disastrous, as it would create a situation to invite a tax revolt, with a tremendous backlash.

Rep. Raney advised he didn't like the bill any better than Chairman Ramirez, and said it wouldn't upset people any more than the sales tax would. He asked where, if the bill didn't pass, the Legislature would come up with necessary revenue, and if it would come from income tax.

Chairman Ramirez stated the compensation factor is that most sales tax revenue would go to property tax relief, and SB 200 provides no such relief. He advised that, if an income tax is implemented without a sales tax, and SB 200 were to pass, there would be near riots. Chairman Ramirez added that he hoped he was wrong.

Rep. Sands made a substitute motion that SB 200 BE NOT CONCURRED IN. The motion FAILED on a roll call vote, 10-6 (attached).

Rep. Asay made a motion to put .5 percent back into the bill, and to sunset the legislation in two years. The motion CARRIED, with all members voting aye, except Reps. Harp and Ramirez, who voted no.

Rep. Hoffman asked if the Subcommittee determined it would be feasible for DOJ to mail notices. Rep. Asay replied they did.

✓ Rep. Asay asked if existing services from DOJ would benefit this legislation. Greg Groepper replied they would, if DOJ does send pre-mailers using current NADA (National Auto Dealers Association) blue book values, and works together with the motor vehicle licensing system.

Rep. Ellison asked if DOR has this authorization. Greg Groepper replied that nothing in the bill requires DOJ participation, but he was certain Larry Majerus would work with DOR.

Larry Majerus stated that if DOJ were appropriated funds to purchase software from NADA, it would perform up to 80% of valuations for vehicles for automated counties, and that the bill would not have to be amended, nor would other funding be necessary. He stated that because there are no add-ons or deductions in the bill, DOJ would consider basic units.

Chairman Ramirez asked what the pleasure of the Committee was for DOR amendments (Exhibit #3).

Rep. Asay made a motion to approve all amendments on pages 1 and 2, and #3 on page 3 of Exhibit #3).

Rep. Ellison commented that the most high-priced motor homes are not registered in Montana because of cost.

Rep. Asay's motion CARRIED, with all members voting aye, except Reps. Sands and Williams, who voted no.

Rep. Sands made a motion to approve amendments for ad valorem appraisals. The motion CARRIED with all members voting aye, except Reps. Gilbert, Ream, Keenan, Harrington, and Williams, who voted no.

Chairman Ramirez made a motion to keep district court fees on top of the ad valorem tax. The motion CARRIED unanimously.

Rep. Raney asked what Sen. Smith's original intent was. Rep. Hoffman replied it was that fees would be replaced with the tax. Gordon Morris, MACO, replied the original intent of SB 200 was to replace the flat fee system, and local government block grants and district court fees were separate entities.

Chairman Ramirez changed his motion to deduct district court fees from the tax, rather than add them on. He commented the Committee could either leave district court fees on, take them out, or bump up fees high enough to cover them.

Rep. Williams stated the bill reduces block grants by about \$5 million over the biennium.

Gordon Morris advised that district court fees generated about \$2.8 million annually, of which \$2.5 million is

budgeted in HB 2. Rep. Harp replied that HB 2 will not be funded and will have to be reviewed for spending cuts.

Rep. Raney stated he agreed with Chairman Ramirez on this issue, and asked about other fees, such as junked vehicles and noxious weeds. Chairman Ramirez advised those are flat fees, and district court fees are based upon the age of a vehicle.

Chairman Ramirez made a motion that SB 200 BE CONCURRED IN AS AMENDED. The motion CARRIED with all members voting aye, except Reps. Patterson, Sands, Harp, and Asay, who voted no.

DISPOSITION OF SENATE BILL NO. 183: Rep. Patterson advised that the Subcommittee opted to go with the lower rate stated in the bill, to ease the devastation to certain counties (Exhibit #4).

Greg Petesch stated that section 7 on pages 15-17 addresses the disposition of lottery revenue, and that changes by Rep. Pavlovich at the end of section 4 address distribution of net lottery revenue by the Superintendent of Public Instruction, creating the need for coordination instructions to remove this language from Rep. Pavlovich's bill, if SB 183 passes.

Rep. Asay made a motion to approve the language proposed by Greg Petesch. The motion CARRIED unanimously.

Rep. Patterson stated the bill would require a minimum of 9 mills to fund teachers' retirement, and that some counties would be able to accomplish this at a lower rate, while 26 counties would have to contribute more.

Rep. Sands asked what the method of distribution is. Chairman Ramirez advised it is based on ANB (average number belonging).

Chairman Ramirez made a motion to strike section 1 of the bill because it doesn't meet the requirements of I-105.

Rep. Harrington said he would like to speak to the equalization factor, as the counties are being hard hit.

The motion made by Rep. Ramirez CARRIED, with all members voting aye, except Reps. Keenan, Harrington, and Ream, who voted no.

Chairman Ramirez explained that, by tying the legislation to 63% of the total for the state retirement fund obligation, there is no restraint on the part of school districts to hold down expenses. He said it seems best to put a fixed

mill levy into the statute, as 63% goes from 9-11 mills in the second year, and could keep going up and up.

Rep. Asay stated that, because of the infusion of lottery dollars, taxes were raised in some counties (Exhibit #5). He proposed that counties above 9 mills be given lottery dollars, and said counties are supposed to be meeting retirement requirements right now.

Rep. Keenan stated the remaining counties could sue the state for unequal distribution of lottery revenue.

Rep. Gilbert commented he didn't believe his county commissioners would complain, and said this issue addresses only teachers' retirement.

Chairman Ramirez asked how much, for example, Deer Lodge County would get, if the Committee adopted the 63% rate under the bill as written, and under the proposed amendment. There was no response.

Rep. Asay made a motion to approve the amendments on Exhibit #5. The motion CARRIED, with all members voting aye, except Reps. Ramirez, Harrington, Keenan, Raney, and Harp, who voted no.

Rep. Harrington made a motion that SB 183 BE CONCURRED IN AS AMENDED. The motion CARRIED, with all members voting aye, except Reps. Patterson, Hanson, Gilbert, Asay, Ellison, and Harp, who voted no.

ADJOURNMENT: There being no further business before the Committee, the meeting was adjourned at 9:50 a.m.

  
Representative Jack Ramirez,  
Chairman

## DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date

April 10, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	✓		
REP. ASAY	✓		
REP. ELLISON	✓		
REP. GILBERT	✓		
REP. HANSON			✓
REP. HARP	✓		
REP. HARRINGTON	✓		
REP. HOFFMAN	✓		
REP. KEENAN	✓		
REP. KOEHNKE	✓		
REP. PATTERSON	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. SANDS	✓		
REP. SCHYE			✓
REP. WILLIAMS	✓		



# STANDING COMMITTEE REPORT

Page 1 of 3

APRIL 10

19 87

Mr. Speaker: We, the committee on HOUSE TAXATION

report SENATE BILL NO. 183

☐ do pass  
☐ do not pass

☒ concurred in  
☐ be not concurred in

☒ as amended  
☐ statement of intent attached

Representative Jack Ramirez, Chairman

Be amended as follows:

1. Title, line 5.

Following: "THROUGH"

Strike: "A"

2. Title, line 6.

Strike: "STATEWIDE LEVY AND"

3. Title, line 7.

Strike: "THE COUNTIES IN EQUALIZING"

Insert: "IN PAYMENT OF"

4. Title, line 8.

Following "OF"

Insert: "HIGH LEVY"

5. Title, line 9.

Following: "METHOD"

Insert: "OF ESTABLISHING DISTRICT ENTITLEMENT AND"

6. Page 1 line 16 through page 2, line 2.

Strike: section 1 in its entirety

Renumber: subsequent sections

7. Page 2, line 7.

Strike: "3"

Insert: "2"

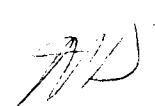
8. Page 2, line 14.

Following: line 13

Insert: "reference"

Following: "aid"

Insert: "calculations"

  
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9. Page 2, line 18 through page 3, line 10. 19  
Strike: ":" on page 2, line 18 through "(2)." on line 10 of page 3.  
Insert: "establish a reference mill levy for calculating retirement fund obligations. The reference mill levy is the number of mills that would be required if the state conducted a statewide mill levy for total retirement fund obligations. If an elementary school district or high school district levies an amount greater than the reference mill levy it is entitled to receive state retirement equalization aid calculated and distributed in accordance with [section 3]."
10. Page 3, line 15.  
Strike: ": (1) the statewide levy and" on line 16
11. Page 3, lines 16.  
Strike: "as" through "(2)" on line 18  
Insert: "from the prior fiscal year as determined by [section 13, Chapter 669, Laws of 1985]"
12. Page 3.  
Following: line 18  
Insert: "(b) establishing affected elementary and high school districts as those that without the state assistance provided in this section would be required to levy a property tax in an amount greater than the reference mill levy established in [section 2]"  
Renumber: subsequent subsections
13. Page 3, line 21.  
Strike: "state"  
Following: "AND"  
Insert: "of affected districts established in subsection (1)(b)"
14. Page 3, line 23.  
Following: "each"  
Insert: "affected"
15. Page 3, line 25.  
Following: "for"  
Insert: "affected"
16. Page 4, line 8.  
Following: "each"  
Insert: "affected"
17. Page 4, line 19.  
Strike: "(1)(b)"  
Insert: "(1)(c)"

  
Representative Jack Ramirez,

Chairman.

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18. Page 4, line 19.

Following: "each"

Insert: "affected"

19. Page 11, line 22.

Following: "sections"

Insert: "2 and"

Strike: "and 4"

20. Page 14, line 18.

Following: "aid"

Insert: ", if any,"

21. Page 14, line 20

Strike: "4"

Insert: "3"

22. Page 17, line 8.

Strike: "3"

Insert: "2"

23. Page 17, line 10.

Strike: "4"

Insert: "3"

24. Page 17, line 12.

Strike: "4"

Insert: "3"

25. Page 17.

Following: line 12

Insert: "NEW SECTION. Section 8. Coordination instruction. If this bill is passed and approved the last sentence of Section 13, Chapter 669, Laws of 1985, as it appears in Section 4, of House Bill 374 is void. The sentence reads: "The superintendent of public instruction shall then distribute by state warrant the total amount of net lottery revenue available that has been deposited in the superintendent of public instruction lottery account for each county by October 1 of the school fiscal year."

Renumber: subsequent section

 Representative Jack Ramirez,

Chairman.

# STANDING COMMITTEE REPORT

Page 1 of 7

APRIL 13

19 97

Mr. Speaker: We, the committee on HOUSE TAXATION

report SENATE BILL NO. 200

☐ do pass  
☐ do not pass

☒ be concurred in  
☐ be not concurred in

☒ as amended  
☐ statement of intent attached

Be amended as follows:

Representative Jack Ramirez, Chairman

1. Title, line 13  
Strike: "61-1-130,"
2. Title, line 15  
Following: "61-3-509,"  
Insert: "61-3-521, 61-3-522,"
3. Title, line 17  
Following: "7-6-309,"  
Strike: "61-3-521 THROUGH"
4. Title, line 19.  
Following: "DATE"  
Strike: "AND"  
Insert: ", "
5. Title, line 20.  
Following: "DATE"  
Insert: ", AND TERMINATION DATES"
6. Page 3, line 18  
Following: line 17  
Insert: "(k) motor homes;"  
Renumber: subsequent subsections
7. Page 10, line 6  
Strike: "(1)(n)"  
Insert: "(1)(o)"
8. Page 11, line 21  
Following: "homes"  
Insert: ", "
9. Page 11, line 6  
Following: line 5  
Insert: "(b) motor homes;"  
Renumber: subsequent subsections

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10. Page 11, line 19  
Following: "vehicles"  
Insert: ", other than motor homes"
11. Page 11, line 23  
Following: "vehicles"  
Insert: "as provided by law,"
12. Page 16, line 7  
Following: "tax"  
Insert: "not subject to a fee in lieu of tax"
13. Page 49, lines 5 through 10  
Strike: section 21 in its entirety  
Re-number: subsequent sections
14. Page 49, line 24  
Following: line 23  
Strike: "motor vehicle is owned or taxable"  
Insert: "owner makes his permanent residence at the time of making the application or, if the vehicle is owned by a corporation or used primarily for commercial purposes, in the taxing jurisdiction of the county where the vehicle is permanently assigned,"
15. Page 51, line 2  
Strike: "or"
16. Page 51, line 4  
Strike: "·"  
Insert: "· or"
17. Page 51, line 10  
Following: line 9  
Insert: "(iii) in the case of a motor home, the fee in lieu of tax for the current year of registration."
18. Page 51, line 12  
Following: "The"  
Insert: "department or its agent may not assess and the"
19. Page 51, line 13  
Following: line 12  
Strike: "assess or"

20. Page 51, line 19  
Following: "The"  
Strike: "county treasurer"  
Insert: "department or its agent"
21. Page 51, line 23  
Following: "of the"  
Strike: "county treasurer"  
Insert: "department or its agent"
22. Page 60, line 9  
Following: "assessment"  
Insert: ", fee in lieu of tax,"
23. Page 63, line 5  
Following: "Guide"  
Strike: "or of"  
Insert: ", "
24. Page 63, line 6  
Following: "Guide,"  
Insert: "or, for vehicles not listed in the preceding guides, the low value listed in The Value Guide to Cars of Particular Interest,"
25. Page 63, line 10  
Following: "paid."  
Insert: "If the value shown in any of the appraisal guides listed in this section is less than \$1,000, the department shall value the vehicle at \$1,000."
26. Page 63, line 11  
Strike: "motor homes,"
27. Page 63, line 24  
Following: "guide, the"  
Strike: "county treasurer ASSESSOR"  
Insert: "department of revenue or its agent"
28. Page 63, line 25  
Following: "price"  
Strike: "or"  
Insert: ", "

Representative Jack Ramirez,

Chairman.

29. Page 64, lines 1 through 3  
 Following: "price" on line 1  
 Strike: remainder of line 1 through line 3 in its entirety  
 Insert: ", or the manufacturer's suggested list price,  
 using the following methods:  
     (i) if the new car sales tax has been  
 previously paid and the vehicle is less than  
 1 year in age, the depreciation percentage  
 shall be 20%; or  
     (ii) if the vehicle is 1 year or older  
 in age and it is not listed in any of the  
 appraisal guides listed in this section, the  
 department of revenue shall determine the  
 depreciation percentage to approximate the  
 average wholesale or trade-in values in the  
 current N.A.D.A. guides referred to in this  
 subsection. For purposes of this subsection  
 (i), the age of the vehicle is determined by  
 subtracting the manufacturer's model year of  
 the vehicle from the calendar year of  
 assessment.  
     (f) When a minimum value of \$1,000 is  
 reached, the value shall remain at that  
 minimum so long as the vehicle is  
 registered."
30. Page 64, line 4  
 Following: line 3  
 Insert: "(g) If a previously registered vehicle"
31. Page 64, line 5  
 Following: line 4  
 Strike: "county ~~assessor~~ ASSESSOR"  
 Insert: "department or its agent"
32. Page 64, line 13  
 Strike: "(1)(e)"  
 Insert: "(1)(g)"  
 Following: "to"  
 Insert: "motor homes or"
33. Page 65, line 6  
 Following: "~~the~~ "camper is""  
 Strike: remainder of line 6 in its entirety

Representative Jack Ramirez, .....  
 Chairman.

34. Page 65, line 8  
Strike: "MOTOR HOME,"
35. Page 65, lines 9 and 10  
Following: "CAMPER IS"  
Strike: remainder of line 9 through "ON" on line 10
36. Page 65, line 11  
Following: "all"  
Insert: "taxable"
37. Page 66, line 3  
Following: "shall"  
Insert: ", after deducting the district court fee,"
38. Page 66, line 4  
Following: "vehicles"  
Insert: "and fees in lieu of tax on motor homes"
39. Page 66, line 7  
Following: "61-3-504"  
Insert: ", 61-3-521,"  
Following: "SECTION"  
Strike: "39"  
Insert: "40"
40. Page 67, line 9  
Following: "shall"  
Insert: ", after deducting the district court fee,"
41. Page 67, line 10  
Following: "vehicles"  
Strike: ","  
Insert: "and fees in lieu of tax on motor homes"
42. Page 67, line 13  
Following: "61-3-504"  
Insert: ", 61-3-521,"  
Following: "SECTION"  
Strike: "39"  
Insert: "40"

REPRESENTATIVE JACK RAMIREZ

Chairman.



43. Page 68, line 4

Following: line 3

Insert: "Section 31. Section 61-3-521, MCA, is amended to read:

"61-3-521. Fee in lieu of tax for ~~certain-vehicles~~ motor homes. (1) There is a fee in lieu of property tax imposed on motor homes, ~~travel-trailers, and campers~~. The fee is in addition to annual registration fees.

(2) The provisions of 61-10-208 do not apply to a ~~vehicle that qualifies under subsection (1) above~~ motor home.

(3) The fee imposed by subsection (1) above need not be paid by a dealer for vehicles that constitute inventory of the dealership."

Section 32, Section 61-3-522, MCA, is amended to read:

"61-3-522. Schedule of fees for motor homes. (1) The owner of a motor home shall pay a fee based on the age of the motor home according to the following schedule:

less than 2 years old.....	\$200	<u>250</u>
2 years old and less than 3 years old .....	100	<u>230</u>
3 years old and less than 4 years old .....	145	<u>195</u>
4 years old and less than 5 years old .....	100	<u>150</u>
5 years old and less than 6 years old .....	75	<u>125</u>
6 years old and less than 7 years old .....	50	<u>100</u>
7 years old and less than 8 years old .....	25	<u>75</u>
8 years old and older .....	15	<u>65</u>

(2) The age of a motor home is determined by subtracting the manufacturer's designated model year from the current calendar year."

Renumber: subsequent sections

Representative Jack Ramirez, .....  
Chairman.

44. Page 71, line 10  
Following: line 9  
Insert: "(3) The district court fee is not in addition to vehicle property taxes. The county treasurer shall deduct the district court fee from the vehicle property tax and credit the fee to a suspense account as provided in 61-3-509."
45. Page 72, line 15  
Following: line 14  
Insert: "(3) The district court fee is not in addition to vehicle property taxes. The county treasurer shall deduct the district court fee from the vehicle property tax and credit the fee to a suspense account as provided in 61-3-509."
46. Page 77, lines 5 through 7  
Following: "TAX" on line 5  
Strike: remainder of line 5 through "RESOLUTION" on line 7  
Insert: "if the tax is approved by the electors of the county"
47. Page 77, line 14  
Insert: "NEW SECTION. Section 41. Anniversary reregistration. A person may not change the anniversary date for reregistration of a vehicle pursuant to the provisions of 61-3-315 from [the effective date of this act] until January 1, 1988."  
Renumber: subsequent sections
48. Page 77, line 17.  
Following: "SECTIONS"  
Strike: "61-3-521 through"
49. Page 77, line 25  
Following: "applicability"  
Insert: "-- termination"  
Following: "SECTION"  
Strike: "40(1)"  
Insert: "42(1)"
50. Page 78, line 4  
Following: line 3  
Insert: "(3) (a) Section 40 terminates July 1, 1989.  
(b) Section 41 terminates January 1, 1989."

~~Salisbury 12/25/80~~

## STANDING COMMITTEE REPORT

APRIL 10

19 37

Mr. Speaker: We, the committee on HOUSE TAXATIONreport SENATE BILL NO. 399

☐ do pass  
☐ do not pass

☒ be concurred in  
☐ be not concurred in

☒ was amended  
☐ statement of intent attached

As amended as follows:

Representative Jack Ramirez, Chairman

1. Title, line 6.

Strike: "ELIMINATE"

Insert: "REVISE"

2. Page 1, line 19.

Following: "changes"

Strike: remainder of line 19 through "15-7-111"

3. Page 2, line 2.

Following: line 1

Strike: "death of one of the spouses"

Insert: "transfer of property upon death"

4. Page 2, line 5.

Following: "use"

Strike: "the actual sales price"

Insert: "market value"

5. Page 2, line 8.

Following: "The"

Strike: "actual sales price is the"

6. Page 2, line 9.

Following: "value"

Insert: "is"

Following: "(a)."

Strike: remainder of line 9 through "sales." on line 12

7. Page 6, line 19.

Following: line 18

Insert: "**NEW SECTION. Section 3. Class nineteen property -- undeveloped land. Class nineteen property includes undeveloped parcels of land in excess of 5 acres that are under one ownership. Class nineteen property is taxed at 2% of its market value.**"

Re-number: subsequent sections

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8. Page 6, line 21.

Following: line 20

Insert: "NEW SECTION. Section 5. Codification instruction.

Section 3 is intended to be codified as an integral part of  
Title 15, chapter 6, and the provisions of Title 15, chapter  
6, apply to section 3."

*Renumber subsequent sections*  
~~Amendments, SB 390~~  
~~7100a/C:JEANNE\WP:jj~~

  
Representative Jack Ramirez

# ROLL CALL VOTE

HOUSE TAXATION

COMMITTEE

DATE 4-10-77 BILL NO. SB 203

NAME	ABSTAIN	AYE	NAY
RAMIREZ, REP. JACK		1	
ASAY, REP. TOM		1	
ELLISON, REP. ORVAL			1
GILBERT, REP. BOB			1
HANSON, REP. MARION			1
HARP, REP. JOHN		1	
HARRINGTON, REP. DAN			1
HOFFMAN, REP. ROBERT			1
KENNAN, REP. NANCY			1
KOEHNKE, REP. FRANCIS		1	
PATTERSON, REP. JOHN		1	
RANEY, REP. BOB			1
REAM, REP. BOB			1
SANDS, REP. JACK		1	
SCHYE, REP. TED			1
WILLIAMS, REP. MEL			1
TALLY		6	10

Joann Banschbach  
Secretary

Rep. Jack Ramirez  
Chairman

Motion:

Sands - BNOT

Book

White sec on 4/10/17

SE 111 Yes to Title

SE 123 No! on Do Pass

SE 222 Yes on Do Pass

SE 322 Yes ~~to Title~~  
to reasonable

Median for 100

STATE  
OF  
MONTANA  
DEPARTMENT OF JUSTICE  
**MOTOR VEHICLE DIVISION**

303 Roberts, Helena, Montana 59620 (406) 444-4536

#1  
4-10-87  
SB 179

April 1, 1987

Representative Jack Ramirez  
State Legislature  
Capitol Station  
Helena, MT 59620

Re: SB 179

Dear Representative Ramirez:

Following is a "worst case" scenario for prorating of fees under SB 179:

Assumptions:

1. District court and block grant fees are by definition fees in lieu of tax and will continue to be prorated. If SB 200 passes, the district court fee could be considered other fees.
2. All other possible fees would not be prorated. They include:

\$ .50	junk vehicle fees
\$5/\$10	license fee
\$2	registration fee
\$7.50	GVW fee

A "worst case" scenario would involve an owner of a vehicle over 2850 lbs. who pays GVW and only changes one month; i.e., July to August.


<u>Fee</u>	<u>1-Month Fee</u>
\$ .50	\$ .04
2.00	.17
10.00	.83
<u>7.50</u>	<u>.63</u>
\$20.00	\$1.67 - net difference \$18.33

If an individual changes one month, i.e., from August to July, he would pay 11/12 or the \$18.33. One month changes are rare.

Representative Ramirez  
April 1, 1987  
Page 2

Please fee free to call me at 444-4536 if you wish additional information.

Yours truly,

  
Larry G. Majerus  
Administrator  
Motor Vehicle Division

LGM:cco



4-10  
EX 2  
LDR

#2  
4-10-87  
SB 390

SENATE BILL 390

- Assumption: Reduce tax rate from 3.86% to 2% for tract land acreage greater than 5 acres but less than 20 acres.

	5 - 19.999 Ac
- Total "Undeveloped (Bare Land)" Parcels . . . . .	17,404
- Total Acres of "Undeveloped (Bare Land)" Parcels . . . . .	173,051
- Total Market Value of "Undeveloped (Bare Land)" Parcels .	\$251,656,859

Taxable Value @ 3.86%

\$251,656,859  
x .0386  
\$ 9,713,955

Taxable Value @ 2%

\$251,656,859  
x .02  
\$ 5,033,137

Taxes @ 250 Mills

\$ 9,713,955  
x .250  
\$ 2,428,488

Taxes @ 250 Mills

\$ 5,033,137  
x .250  
\$ 1,258,284

Annual tax loss = \$1,170,204

Average Size of Acreage            9.94 Acres  
Average Value Per Acre            \$1,454

Taxable Value Per Acre at 3.86% = \$56  
Taxable Value Per Acre at 2%    = \$29

\$56.00 @ 250 Mills = \$14  
\$29.00 @ 250 Mills = \$7.25

AMENDMENTS TO SB200

Third Reading

1. Page 11, line 23.

Following: "vehicles"

Insert: "provided for in that section"

2. Page 49, line 24.

Following: "the"

Strike: "motor vehicle is owned or taxable"

Insert: "owner makes his permanent residence at the time of making the application, or, if the vehicle is owned by a corporation or used primarily for commercial purposes in the taxing jurisdiction of the county where the vehicle is permanently located or assigned"

3. Page 51, line 12.

Following: "application."

Strike: "The county treasurer may not assess or"

Insert: "The department or its agent may not assess, and the county treasurer may not"

4. Page 51, line 19.

Following: "The"

Strike: "county treasurer"

Insert: "department or its agent"

5. Page 51, line 23.

Following: "the"

Strike: "county treasurer."

Insert: "department or its agent."

6. Page 63, line 5.

Following: "Guide"

Strike: "or of"

Insert: ", "

7. Page 63, line 6.

Following: "Guide,"

Insert: "or for vehicles not listed in the preceding guides, the low value listed in The Value Guide to Cars of Particular Interest,"

8. Page 63, line 10.

Following: "paid."

Insert: "If the value shown in any of the appraisal guides listed in this section is less than \$1,000, the department shall value the vehicle at \$1,000."

EX  
312-87  
DOK  
A10epper  
#3  
4-10-87  
SB 200

9. Page 63, line 24.

Following: "guide, the"

Strike: "the county ~~treasurer~~ assessor shall"

Insert: "department of revenue or its agent shall depreciate the original f.o.b. factory list price, f.o.b. port of entry list price or the manufacturer's suggested list price using the following methods:

(i) if the new car sales tax has been previously paid and the vehicle is less than one year in age, the depreciation percentage will be 20%; or

(ii) if the vehicle is one year or older in age and it is not listed in any of the appraisal guides listed in this section, the depreciation percentage will be determined by the department of revenue to approximate the average wholesale or trade-in values in the current above-listed N.A.D.A. guides. The age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year of assessment. When a minimum value of \$1,000 is reached, the value shall remain at that minimum so long as the vehicle is registered.

Strike: Remainder of line 24, and line 25.

10. Page 64, lines 1 through 3.

Strike: lines 1 through 3 in their entirety

Insert: "If a previously registered vehicle"

11. Page 64, line 5.

Strike: "county ~~treasurer~~ ASSESSOR"

Insert: department or its agent

12. Page 65, line 6.

Following: "is"

Strike: "determined by the county treasurer and is based on"

13. Page 65, line 9.

Following: "IS"

Strike: "DETERMINED BY THE COUNTY TREASURER AND IS BASED ON"

APPROPRIATION AMENDMENTS TO SB200

Third Reading

1. Page 77, line 18.

Following: "repealed."

Insert: "NEW SECTION. Section 41. Appropriation for fiscal year 1987. The following amount is appropriated from the general fund for fiscal year 1987 for the implementation and operation of this act:

Montana Department of Revenue	\$ 89,055
Montana Department of Justice	\$ 53,000"

Renumber: Following sections.

2. Page 77, line 18.

Following: "repealed."

Insert: "NEW SECTION. Section 42. Appropriation for 1988-1989 biennium. The following amount is appropriated from the general fund for fiscal years 1988 and 1989 for the departments of justice and revenue:

	<u>Fiscal Year 1988</u>
Department of Justice	\$ 61,460
Department of Revenue	824,200
Total	<u>\$885,660</u>

	<u>Fiscal Year 1989</u>
Department of Justice	\$ 61,460
Department of Revenue	824,200
Total	<u>\$885,660"</u>

3. Page 77, line 18.

Following: "repealed."

Insert: NEW SECTION. Section \_\_\_\_\_. (Temporary) No person shall be allowed to change the anniversary date for reregistration of a vehicle pursuant to the provisions of section 61-3-315, MCA, from the effective date of this act until January 1, 1988.

rr/93  
amendsb200

Teachers Retirement Costs  
Fiscal 1989

County	Current Law	SB 183	Difference
BEAVERHEAD	\$486,066	\$346,809	\$139,256
BIG HORN	\$1,075,907	\$1,740,449	(\$664,542)
BLAINE	\$618,460	\$717,122	(\$98,662)
BROADWATER	\$194,097	\$185,266	\$8,831
CARBON	\$644,081	\$580,575	\$63,506
CARTER	\$96,886	\$120,899	(\$24,013)
CASCADE	\$4,148,522	\$2,448,992	\$1,699,531
CHOUTEAU	\$390,082	\$500,945	(\$110,864)
CUSTER	\$683,517	\$445,752	\$237,765
DANIELS	\$237,160	\$219,221	\$17,940
DAWSON	\$634,021	\$460,482	\$173,539
DEER LODGE	\$603,231	\$306,908	\$296,323
FALLON	\$277,498	\$863,128	(\$585,630)
FERGUS	\$793,817	\$598,871	\$194,946
FLATHEAD	\$2,044,128	\$829,019	\$1,215,108
GALLATIN	\$2,040,340	\$1,395,622	\$644,718
GARFIELD	\$102,525	\$124,514	(\$21,989)
GLACIER	\$1,242,907	\$1,055,997	\$186,910
GOLDEN VALLEY	\$92,265	\$113,523	(\$21,258)
GRANITE	\$142,972	\$93,319	\$49,653
HILL	\$1,213,065	\$1,094,731	\$118,334
JEFFERSON	\$591,310	\$492,427	\$98,883
JUDITH BASIN	\$179,461	\$183,204	(\$3,743)
LAKE	\$1,124,444	\$655,666	\$468,777
LEWIS AND CLARK	\$2,750,936	\$1,782,648	\$968,288
LIBERTY	\$168,097	\$254,515	(\$86,418)
LINCOLN	\$784,235	\$397,836	\$386,399
MADISON	\$351,997	\$348,240	\$3,757
McCONE	\$174,712	\$185,159	(\$10,447)
MEAGHER	\$133,819	\$152,628	(\$18,809)
MINERAL	\$190,791	\$73,362	\$117,429
MISSOULA	\$3,633,141	\$2,507,532	\$1,125,609
MUSSELSHELL	\$315,939	\$297,468	\$18,471
PARK	\$790,877	\$535,457	\$255,420
PETROLEUM	\$52,442	\$67,067	(\$14,626)
PHILLIPS	\$410,836	\$496,678	(\$85,842)
PONDERA	\$540,262	\$486,152	\$54,110
POWDER RIVER	\$198,448	\$337,763	(\$139,315)
POMELL	\$358,198	\$269,437	\$88,761
PRAIRIE	\$88,365	\$70,027	\$18,338
RAVALLI	\$1,024,403	\$368,095	\$656,307
RICHLAND	\$820,215	\$990,210	(\$169,995)
ROOSEVELT	\$1,197,586	\$1,234,627	(\$37,041)
ROSEBUD	\$1,358,413	\$3,074,569	(\$1,716,156)
SANDERS	\$564,640	\$527,265	\$37,375
SHERIDAN	\$473,037	\$820,180	(\$347,143)
SILVER BOW	\$1,735,095	\$912,994	\$822,100
STILLWATER	\$379,446	\$327,633	\$51,813
SWEET GRASS	\$179,113	\$135,180	\$43,933
TETON	\$395,966	\$350,745	\$45,221
TOOLE	\$407,211	\$586,793	(\$179,582)
TREASURE	\$72,363	\$87,352	(\$14,989)
VALLEY	\$767,112	\$802,186	(\$35,075)
WHEATLAND	\$150,844	\$144,116	\$6,728
WIBAUX	\$131,714	\$222,210	(\$90,495)
YELLOWSTONE	\$6,868,157	\$5,242,375	\$1,625,781
Total	\$47,125,167	\$39,661,942	\$7,463,225
	=====	=====	=====

Note: Lottery proceeds of \$7,463,225 plus a levy of 12.3 mills statewide generates 63 percent of the retirement amount.

Ex 5  
4-10-87

Amend SB 183  
Rep. Asay

#5  
4-10-87  
SB 183

1. Title, lines 5.  
Following: "THROUGH"  
Strike: "A"

2. Title, line 6.  
Strike: "STATEWIDE LEVY AND"

3. Page 2, line 14.  
Following: line 13  
Insert: "reference"  
Following: "aid"  
Insert: "calculations"

4. Page 2, line 18 through page 3, line 10.  
Strike: ":" on page 2, line 18 through "2]." on line 10 of page 3.

Insert: "establish a reference mill levy for reference calculating retirement fund obligations. The reference mill is the same number of mills that would be required if the state conducted a statewide mill levy for total retirement fund obligations. If an elementary school district or high school district levies an amount greater than the reference mill levy it is entitled to receive state retirement equalization aid calculated and distributed in accordance with [section 4]."

5. Page 3, lines 15 and 16.  
Strike: ":" on line 15 and "the statewide levy and" on line 16  
Strike: "as" as line 16

6. Page 3, lines 17 and 18.  
Strike: "provided" on line 17 through "(2)" on line 18  
Insert: "from the prior fiscal year as determined by [section 13, Chapter 669, Laws of 1985]"

7. Page 3.  
Following: line 18  
Insert: "(b) establishing affected elementary and high school districts as those that without state assistance provided in this section would be required to levy a property tax in an amount greater than the reference mill levy established in [section 3]"

Renumber: subsequent subsections

8. Page 3, line 21.  
Strike: "state"  
Following: "ANB"  
Insert: "of affected districts established in subsection (1)(b)"

9. Page 3, line 23.

INCREASE OF 50<sup>00</sup> ON  
FLAT FEE SYSTEM

PRESENT

PROPOSED

2<sup>nd</sup> yr 200

250

3<sup>rd</sup> 180

230

4<sup>th</sup> 145

195

5<sup>th</sup> 100

150

6<sup>th</sup> 75

125

7<sup>th</sup> 50

100

8<sup>th</sup> 25

75

9<sup>th</sup> 15

65

and older

According to the department of motor vehicles there were 21,689 Travel trailers, 869 5th wheels, 381 tent trailers, and 774 other trailers registered within the state in 1986.

Since these vehicles are all taxed on the same flat fee schedule they can be combined for a total of 23,713 units.

The current flat fee for any vehicle 3 years old or less is \$40.00, A vehicle 4 years old is \$35.00, and anything 5 years old and older is \$15.00.

Lets assume 25% of the registered units were 3 years old or less, 5% are 4 years old and 70% are 5 years old and older. These units should have produced the following revenue:

<u>Age of unit</u>	<u>Number of units</u>		<u>current tax</u>	<u>Revenue</u>
3 years or less	5927	50% increase	\$ 40.00	60.00 237,080
4 years	1185		\$ 35.00	50.00 41,475
5 years or older	16,601		\$ 15.00	23.50 249,015
Totals	<u>23,713</u>			<u>\$ 527,570.00</u>

There were also 1,907 campers registered in 1986. The current flat fee for any camper 3 years old or less is \$35.00. Anything 4 years old and older is \$15.00.

Lets assume 20% of the registered units are 3 years old or less and 80% of the registered units are 4 years old or older. These units should have produced the following revenue:

<u>Age of unit</u>	<u>Number of units</u>	<u>current Tax</u>	<u>Revenue</u>
3 years or less	381	\$ 35.00	13,335
4 years or more	1526	15.00	22,890
Totals	<del>1907</del> 1907		<u>\$ 36,225</u>



IN 1986 There were 9864 <sup>motor homes</sup> titled and registered in the state. The current flat fee structure for these vehicles is as follows: New vehicle 1 1/2% of retail value, and yr. #20. 3rd yr. #180, 4th year #145, 5th yr. #100, 6th yr. #75, 7th yr. #50, 8th yr. #25, 9th yr. and older #15.00

Lets assume that 3% of the registered motor homes fall in each of the first 8 categories or age groups and the remaining 7690 are 9 years old and older. These units should have produced the following revenue:

Age of unit	Number of units	Current Tax	<sup>\$50.00</sup> INCREASE	Revenue
New (1.5% of 25,000 value)	# 290	\$ 375	108,750	\$ 108,750
2 yrs. old	290	\$ 200	72,500	\$ 58,000
3 yrs. old	290	\$ 180	66,700	\$ 52,200
4 yrs. old	290	\$ 145	56,550	\$ 42,050
5 yrs. old	290	\$ 100	43,500	\$ 29,000
6 yrs. old	290	\$ 75	36,250	\$ 21,750
7 yrs. old	290	\$ 50	29,000	\$ 14,500
8 yrs. old	290	\$ 25	21,750	\$ 7,250
9 yrs. old + older	<u>7544</u>	<u>\$ 15</u>	<u>490,360</u>	<u>\$ 113,160</u>
Totals	<u>9864</u>		925,360	<u>\$ 446,660</u>

Lets now look at what the 1986 camper, Trailer, and motor Home revenue should have been.

Trailer Revenue	\$ 527,570.00
Camper Revenue	36,225.00
Motor Home Revenue	<u>446,660.00</u>
Total Revenue	<u>\$ 1,010,455.00</u>

I feel that I have been very conservative in my analysis and feel that the actual revenue taken in under our current flat fee structure is considerably higher than the figure I have presented.

If we take my revenue figure (\$1,010,455) and divide it by the number of registered vehicles (35,484) we find that each unit produced a revenue of \$28.47.

If we take the projected revenue from the fiscal note (\$737,530) and divide it by the number of registered vehicles (35,484) we find that proponents of SB 200 are saying that each unit will produce a revenue of \$20.78.

I feel that under our current fee system we are taking in closer to \$40.00 per unit than we are to \$20.00. It is my feeling that the assumption in the fiscal note that the market value of motor homes, travel trailers, and campers in the state is \$73,753,000 is extremely low. The market value is closer to \$150,000,000. than it is to the figure presented to us in the fiscal note.

Lets now take a look at motorcycles and quads. Under current law fees for this type of vehicle are based on the age of the vehicle and the cc's of the vehicle. These fees range from \$4 to \$80.00.

For the sake of argument we will assume the average cost to license this type of vehicle is \$15.00.

According to the department of motor vehicles there were 28,027 cycles registered in FY 86. There were also 41,194 rugged terrain cars which they told me were 3 wheel and quads. There the state