

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 23, 1987

The ninth meeting of the Senate Taxation Committee was called to order at 8:00 A.M. on January 23, 1987 by Chairman George McCallum in Room 413/415 of the Capitol Building.

ROLL CALL: All committee members were present with the exception of Senator Mazurek.

CONSIDERATION OF SB 129: Senator Manning, Senate District 18, presented this bill to the committee. He said this bill is an act to clarify that the veterans' clubhouse property tax exemption is not affected by the existence of a bar or tavern in the clubhouse if the gain from the bar or tavern is used exclusively for educational, fraternal, benevolent, or purely public charitable purposes. The reason he introduced this bill is because there have been several instances in Montana where these clubhouses are being taxed because they have a tavern or a bar in their area. In most cases they would not be in existence without the tavern and many of them still have trouble making a go of it even with the bar or tavern.

PROPONENTS: George Poston, representing the United Veterans Committee, gave testimony in support of this bill. He said these organizations were chartered by Congress as tax free organizations, way back when, for benevolent purposes. There is no profit that goes to any member of these organizations. All of the profits are used for veterans assistance and other such benefits. In East Helena they have a building that they pay for the heat and lights and the building is used as a meeting place for Boy Scouts and Girl Scouts. He gave several instances of how the organizations help the community. Three years ago the post in East Helena took their tax bill before the State Tax Board to allow continuation of tax free status. The tax bill was approximately \$900 and the lawyer's bill was \$2,000. The posts do not have that kind of money.

Senator Lybeck, Senate District 4, supports this bill as a member of the Soldiers Home Memorial Fund Foundation.

Ed Walter, East Helena VFW, gave testimony in support of this bill. He said the only place they make any money

is on the gambling machines and that money goes to the membership to be given away to the community. He gave some examples of the donations they have made. He said if their bar is taxed anymore they will have to close.

Kevin Maguire, Post 1087, Great Falls, Montana, gave testimony in support of this bill. He furnished the committee with a letter from Gene B. Daly, Cascade County Attorney, giving his opinion concerning the tax status of lot 17, East 31 Feet of Lot 18, total of 128.1 feet in block 7 of Sunrise Terrace that is owned by Royal A. Caufield Post No. 1087 VFW. See attached Exhibit 1.

OPPONENTS: None.

QUESTIONS FROM THE COMMITTEE: Senator Halligan asked Mr. Groepper if this bill should encompass all the different groups that may have the same problem as the veterans' clubhouse.

Greg Groepper said the problem that the bill is trying to address is how we interpret the laws that presently exist. What we do now is to value the clubhouse and exempt the portion that does not have the bar in it and tax the portion with the bar. What the organizations are saying is that we shouldn't have to pay taxes on our bar and we need this bill to exempt it.

Senator Manning closed.

DISPOSITION OF SB 129: Senator Severson made a motion that SB 129 DO PASS. The motion carried with committee members present. Senator Mazurek was absent from the hearing.

CONSIDERATION OF SB 63: Senator Gage, Senate District 5, presented this bill to the committee. In the Missoula area and among the assessors in the state, there is a lot of confusion with regard to the personal property assessment as the law presently reads. This bill is an attempt to clarify those personal property assessment laws throughout the state so that the counties will assess personal property consistently. On line 20, page 1, the bill is amended from "next preceding " to "January 1 of the tax year." By inserting this language he sees no problem with everyone understanding that. Mobile homes are presently being treated differently than regular homes. If you own dirt and you build your home after January 1 you are not taxed until the next year. If you don't own dirt, you may be prorated on the mobile home. The amend-

ment on page 1, lines 22-25 and on page 2, line 1, states, "no other personal property may be assessed unless it has its taxable situs in Montana on January 1 and is assessed no later than the second Monday in July." This does not leave a lot of room for unclear language. The assessor does not go out and check business places and make a list of all personal property. A form is filled out and personal property is listed on the form. At the bottom of page 2 and top of page 3, the bill states "personal property which was in the state and subject to taxation on January 1 of any year, shall be taxable wherever found in any county in the state to the person owning, claiming or possessing it on January 1; and providing that in case the same property is assessed in more than one county, the county in which the property was located on January 1 shall be entitled to collect the taxes." He said this language is very clear and self-explanatory. In discussing the amendment on page 3, line 15 with Greg Groepper of the Department of Revenue, he stated that there really isn't any need for putting that language change in the bill and would suggest that language be stricken from the bill. The amendment on section 4 is intended to provide that the Department of Revenue cannot come in after the second Monday of July and assess property. The amendment in section 5 provides that if a mobile home comes into a county and is not assessed and then moves to another county and is assessed, then the county in which it is assessed would receive the tax; not necessarily the county in which it is first located. This puts that down more clearly. The amendment on page 7, line 5 makes the language consistent with the rest of the bill. In section 6, on page 8, we have just added the words "unless otherwise provided". This just makes the wording consistent with other sections of the bill. The amendment on page 9, section 8, removes the March 1 reference and simply requires the aircraft to be registered within 30 days of acquisition. On page 9, line 14, we are saying that if an aircraft comes in for hire, for profit, that the tax would be prorated on that airplane. If a person comes in and purchases that airplane anytime through the year, it would be treated as anything else and picked up the following year. Section 10 is a repealer for sections 15-8-204 and 308 and those sections provide that if the Department of Revenue does not get their work done on time and they don't get their assessments made by the second Monday in July, that it does not make the assessments illegal after that time. He said we do not think the taxpayers should be held to the letter of the law and not the Department of Revenue.

PROPOSERS: Dennis Burr, representing the Montana Taxpayers Association, gave testimony in support of this bill. He gave an example of one of the changes in this bill that would be of benefit. In Jefferson County there has been construction with the interstate for a couple of years which has required the Sheriff's protection of the construction equipment used. The assessor valued the equipment located in Jefferson County but could not collect any taxes on that equipment because of the way the law is written now. He said this is one change that this bill makes that he feels is proper.

Bob Holding, representing the Montana Association of Realtors, gave testimony in support of this bill. He said it makes sense to clean up this language so that the sale of property in Montana can be just a little easier.

OPPOSERS: Gordon Morris, representing the Montana Association of Counties, gave testimony in opposition to this bill. He furnished the committee with an Attorney General Opinion dated February 13, 1986, which is attached as Exhibit 2. The Attorney General Opinion held that personal property owned by an individual acquires its tax situs by reference to the residence of its owner and that personal property of a partnership or corporation acquires its tax situs primarily by the location of the property. If the current location is temporary or transitory, the tax situs becomes the principal place of business of the organization. He feels the Attorney General Opinion is correct in this case and he does not think we need to change the law to provide statutory direction. The January 1st requirement could encourage the migration of property to a county of low taxation on January 1st and then move the property back on January 2nd. He said we should not encourage that type of activity. We see this in the area of heavy equipment, as well as in the area of recreational equipment. He would recommend to the committee to amend page 3 of the bill with this language, "principal place of business and the residence of the owner" rather than where the property was located on January 1st.

Richard Llewellyn, representing the Montana Housing Association, gave testimony in opposition to this bill. He is opposed to the bill as introduced but happy with Senator Gage's proposed amendment to Section 3 on page 3. Without this amendment there would be a substantial change

in the way things are done in Montana at the present time.

Greg Groepper, Property Assessment Division, Department of Revenue, said the way the law is written right now you could find your way through the law and get to the same conclusions. Senator Gage's bill makes the language eminently clear on personal property assessment. He noted that this bill would void the Attorney General's opinion.

QUESTIONS FROM THE COMMITTEE: Senator Eck said it appears to her what we are really looking at is where the property will be most of the year. She asked Greg Groepper if proration could be used.

Greg Groepper said there is proration used in some areas. Most proration statutes deal with property brought into the state after the first of the year. It is assessed at the time it comes into the state and the taxes are prorated for the period of time that it is in the state. There is also proration on livestock when the livestock is put on Forest Service land for grazing.

Senator Eck said in addressing the problem discussed concerning moving the equipment to a low tax area on January 1, couldn't the proration be applied in that instance.

Mr. Groepper said the way the law is written now under the Attorney General's opinion, we would have to tax it where the business has its situs unless it can be established that the personal property is permanently located in this other location. Senator Gage's bill would allow the property to be assessed where it is located January 1.

Senator Gage closed by stating that the legislature should not be stuck with an opinion from the Attorney General. We are here to take care of problems with regard to the current law. There is a problem in the state in determining what is permanent, what is primary and those kinds of terms. We do not have to worry about that with this bill. If it is there January 1st then that is where it is taxed. As far as moving just to get into a lower tax area, there is a section of law in the state where if you try to escape taxation, the state can assess you ten times the amount of tax that you should have paid. He said this should be an incentive to keep that property where it is. With regard

to the taxation on boats, he feels they should pay taxes on the boat where the boat is located. If the property is getting public protection, paid for by the taxpayers in that area, then it is appropriate to be taxed there. He said he is trying to make everybody live under the same rules instead of handling it one way here and another way there.

Hearing closed on SB 63.

CONSIDERATION OF SB 122: Senator Crippen, Senate District 45, presented this bill to the committee. He said this bill was recommended at the request of the Revenue Oversight Committee to address a problem that has arisen because of the recent statewide reappraisal. There are a great number of appeals as a result of the reappraisal and there presently is a problem hearing the appeals. The major first change in the language in the bill is on line 24, page 1, which provides that any party affected by the decision of the County Tax Appeal Board has 30 days from the date of decision to appeal instead of 20 days. The second change is on page 2, lines 6-8, which sets up a mechanism where a hearings officer may be hired and appointed by the Tax Appeal Board to serve as a hearings officer in looking at appeals from County Tax Appeal Boards. The appointed hearings officer will hear the appeal and provide a transcript or tape recording to the State Tax Appeal Board. It is felt this mechanism will greatly expedite the large number of appeals throughout the state. Page 4, line 24, is amended to eliminate the requirement for a registered or certified letter advising the applicant of the decision. It was felt that to simply mail the decision would be sufficient as the certified letter route was becoming very expensive. The effective date of this bill would be on passage and approval.

PROPOSERS: Bob Raundal, Chairman, State Tax Appeals Board, gave testimony in support of this bill. He said we are in a dilemma. We have 2,371 appeals filed as of the first of the week and will have heard 624 by the end of this month. Last week we heard 67 appeals and this week we are writing decisions and hearing no appeals. While we were gone last week 93 additional appeals were filed. We are still losing ground. He would expect they will get up around 3,000 before the year is over. Without the requirement of registered mail, we would save \$1.67 per decision that is mailed out. He furnished the committee with a fiscal note and estimate request for this bill which is attached as Exhibit 3.

Dennis Burr, Montana Taxpayers Association, gave testimony in support of this bill. He said the State Tax Appeal Board has to get their decisions out quickly to maintain credibility. The Board cannot physically do the job that they have to do and the amendment or new language at the bottom of page two is essential in this regard.

Bob Holding, representing the Montana Association of Realtors, gave testimony in support of this bill. He said this bill is essential to get this problem taken care of in a timely manner.

OPPONENTS: None.

Greg Groepper, Administrator, Property Assessment Division, Department of Revenue, presented technical comments to the committee. They would prefer that the bill revert back to the original language on page 1, line 24 to say "after the receipt of the decision" instead of "after the date of the decision". This would take care of the problem if the decision is not received and the appeal deadline runs out. He thinks the 30 days from the date of receipt is appropriate in light of the mail change. This will give them a little more opportunity to insure that their appeal is legitimate before filing.

QUESTIONS FROM THE COMMITTEE: Senator Crippen asked Greg Groepper who makes the decision to appeal.

Greg Groepper said the final decision to appeal is his responsibility.

Senator Crippen said there is a problem in Yellowstone County where the taxpayers say that the assessment appraiser has adopted a sort of stick it in your ear attitude.

Greg Groepper said there is a policy out in the field on what we will appeal but the decision to make an appeal to the State Tax Appeal Board rests with him. There is a general guideline in making appeals. Given the volume of appeals, he has not been able to go through each appeal within the deadline. If there is a doubt as to whether there should be an appeal, they will file and then review the appeal before going to hearing. He said we have a statutory responsibility to put everybody on the same footing at the same date.

Senator Crippen said he thinks the posture has been adopted by a number of people in the field that has nothing to do with how assessments are handled from one county to another. If the regulations of the Department are construed in Cascade County to provide one thing, that has no basis at all to the people in Yellowstone. They are free to determine how they are going to interpret regulations. He sees a great inconsistency. He asked Mr. Groepper how they were handling that.

Mr. Groepper said he will readily admit that he thinks some people in the field have this kind of God-like complex. He said we have done a couple of things and plan to do a couple more to address this. We have reorganized the Division to get more persons from Helena out in the field to make sure those people are applying laws the same way. It is unfortunate that all this comes when we are trying to scale back government and we are trying to do a better job with what we have.

Senator Halligan asked Mr. Groepper what he would consider substantive in an appeal.

Mr. Groepper said most of the appeals deal with problems with the land values and the loss of agricultural designation. If you have a receipt of \$1500 for grain and somebody at the county level thought that really wasn't worth \$1500, then that is something that we should be appealing. That is a judgment on farm income or not farm income, not a question of whether you did comply with the law or did not comply with the law.

Senator Eck asked if we could look at changes in reassessment to consider whether market value is really uniform across the state. In some counties real estate has really dropped.

Mr. Groepper said he thinks there are more counties in Montana than not where the value on real property has decreased since 1982. He said we could address that by taking off so much of a percent of market value, take 60% of market value as the assessed value. We could also start at the other end and exempt a portion of the property value from property tax.

Senator Severson asked if they were getting a greater number of appeals from counties that got large increases as far as residential property. The increases range from 33% to 45%.

Mr. Groepper said we are getting more appeals in the land issue than anything else. The buildings have not been as much the issue as land value. He said the people do not have confidence in the tax system and we need to take some action to make that system credible.

Senator Lybeck feels it is essential that we mail the decision certified mail to insure that the taxpayer is notified of the decision.

Bob Raundal furnished the committee with a copy of an acknowledgement that is mailed out with the decision to insure that the decision is received. See attached Exhibit 4.

Senator Crippen closed by stating there will be a lot of appeals and this is essential for the Board to address those appeals. He has no problem with the change requested by the Department of Revenue.

Hearing closed on SB 122.

DISPOSITION OF SB 122: Senator Eck would move that "receipt" be reinserted in the bill on page 1, line 24, and "date" be stricken. The motion carried with committee members present. Senators Mazurek and Halligan were not at the hearing.

Senator Crippen moved that SB 122 DO PASS AS AMENDED. The motion carried with committee members present. Senators Mazurek and Halligan were not at the hearing.

FURTHER CONSIDERATION OF SB 63: Jim Lear reviewed the amendments presented to the committee on this bill. See attached Exhibit 5.

Senator Crippen would move the amendments proposed by Senator Gage be incorporated in SB 63.

The motion carried with committee members present. Senators Mazurek and Halligan were absent.

Senator Eck has some concern with the effective date.

Mr. Groepper said we have a problem changing something in this tax year. If it is already in the tax base, then they are expecting that revenue. This can impact the revenue for this year.

Senator Eck said she is satisfied that they will not

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move their personal property for assessment on January 1st, and then move the property back with the provision in the statute to allow that person's property to be assessed at ten times the rate if they find they are moving the property for the purpose of avoiding tax.

ADJOURNMENT: The meeting adjourned at 9:58 A.M.


SENATOR GEORGE McCALLUM, Chairman

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ROLL CALL

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1-23-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR CRIPPEN	✓		
SENATOR NEUMAN	✓		
SENATOR SEVERSON	✓		
SENATOR LYBECK	✓		
SENATOR HAGER	✓		
SENATOR MAZUREK			✓
SENATOR ECK	✓		
SENATOR BROWN	✓		
SENATOR HIRSCH	✓		
SENATOR BISHOP	✓		
SENATOR HALLIGAN, VICE CHAIRMAN	✓		
SENATOR McCALLUM, CHAIRMAN	✓		

Each day attach to minutes.

DATE January 23, 1987

COMMITTEE ON Senate Taxation

SB 63, 122, 129

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
<u>Jon Richard Manning</u>	<u>Sponsa</u>	<u>SB-129</u>	<input checked="" type="checkbox"/>	
<u>Terry H. Longfellow</u>	<u>VFW</u>	<u>SB-129</u>	<input checked="" type="checkbox"/>	
<u>Milda Luccit</u>	<u>VFW</u>	<u>SB 129</u>	<input checked="" type="checkbox"/>	
<u>George G. Schiller</u>	<u>VFW</u>	<u>SB 129</u>		
<u>Ed Welter</u>	<u>VFW</u>	<u>SB 129</u>		
<u>Marvin Barber</u>	<u>Mt. Assessors Assn</u>	<u>SB 63</u>	<input checked="" type="checkbox"/>	
<u>George Foster</u>	<u>United Veterans Committee</u>	<u>SB-129</u>	<input checked="" type="checkbox"/>	
<u>Richard C. ...</u>	<u>VFW 5590</u>	<u>SB 129</u>	<input checked="" type="checkbox"/>	
<u>W. J. Cawley</u>	<u>VFW 1087</u>	<u>SB 129</u>	<input checked="" type="checkbox"/>	
<u>Kevin B. ...</u>	<u>VFW 1087</u>	<u>SB 129</u>	<input checked="" type="checkbox"/>	
<u>Robert E. ...</u>	<u>VFW 5590</u>	<u>SB 129</u>	<input checked="" type="checkbox"/>	
<u>Bob Melding</u>	<u>MT. ASSOC. REALTORS</u>	<u>SB 63 SB 122</u>	<input checked="" type="checkbox"/>	
<u>Bob Rowland</u>	<u>State Tax Apprais</u>	<u>SB 129</u>	<input checked="" type="checkbox"/>	
<u>Gordon Morris</u>	<u>MACO</u>	<u>SB 63</u>		
<u>RA Lewellyn</u>	<u>MMHA</u>	<u>SB 63</u>		
<u>Dennis Burr</u>	<u>MONTAX</u>	<u>SB 63</u>	<input checked="" type="checkbox"/>	
<u>Dennis Burr</u>	<u>MONTAX</u>	<u>SB 122</u>	<input checked="" type="checkbox"/>	
<u>Wesley ...</u>	<u>CITIZEN</u>	<u>SB 122</u>	<input type="checkbox"/>	<input type="checkbox"/>

March 31, 1967

Hon. Board of County Commissioners
Cascade County Court House
Great Falls, Montana

Re: Royal A. Caufield Post No. 1087
V.F.W. Great Falls, Montana

Gentlemen:

An opinion has been requested of this office relative to the status, for tax purposes of Lot 17, East 31 Feet of Lot 18, a total of 128.1 feet in Block 7 of Sunrise Terrace, an addition to the City of Great Falls, Montana, owned by the Royal A. Caufield Post No. 1087 V.F.W., and used in accordance with the affidavit accompanying this opinion for the purposes of said Veterans of Foreign Wars Post.

In accordance with the provisions of Section 84-202 R.C.M. 1947, this property, if used exclusively for fraternal, benevolent or purely charitable purposes rather than for gain or profit, is exempt from taxation by the laws of the State of Montana.

We hereby make reference to the opinion from this office dated December 31, 1964 written for the Cascade County Board of Commissioners regarding Westside Post No. 5590, Veterans of Foreign Wars. If a similar determination is made by the taxing officials of Cascade County, Montana that the Royal A. Caufield Post No. 1087 V.F.W. is a non-profit organization of honorably discharged United States soldiers, sailors and marines and that this building and premises is used entirely for fraternal purposes, said property then would be improperly taxed by the County of Cascade. This determination must be made by the tax officials of Cascade County.

Very truly yours,

Gene B. Daly
Cascade County Attorney

GBD/gv

SENATE TAXATION

EXHIBIT NO. 1

DATE 1-23-87

FILE NO. 5R-129

VOLUME NO. 41

OPINION NO. 46

CORPORATIONS - Tax situs for personal property of;
PROPERTY, PERSONAL - Tax situs of, for individual and
business;
TAXATION AND REVENUE - Tax situs of personal property
owned by individual or business;
MONTANA CODE ANNOTATED - Sections 15-8-402, 15-8-404,
61-3-301;
OPINIONS OF THE ATTORNEY GENERAL - 37 Op. Att'y Gen. No.
139 (1978).

- HELD: 1. Personal property owned by an individual
acquires its tax situs by reference to the
residence of its owner absent specific
statutory direction.
2. Personal property of a partnership or
corporation acquires its tax situs primarily
by the location of the property. If the
current location is temporary or transitory,
the tax situs becomes the principal place of
business of the organization.

13 February 1986

John LaFaver, Director
Department of Revenue
Room 455
Sam W. Mitchell Building
Helena MT 59620

Dear Mr. LaFaver:

You have requested my opinion on the following
questions:

1. With respect to personal property owned
by an individual, is the proper tax situs
for purposes of personal property
taxation the county in which the personal
property is situated on January 1 of the
tax year or the county in which the owner
of the property maintains his domicile or
residence?
2. With respect to personal property owned
by a partnership or corporation, is the
proper tax situs the county where the

SENATE TAXATION

EXHIBIT NO. 2

DATE 1-23-87

BILL NO SB-63

property is situated on January 1 of the tax year or the county in which the partnership or the corporation has its principal place of business?

Under Montana law tax situs is established by statute for certain specific types of personal property such as automobiles, mobile homes, airplanes, and livestock, etc. For instance, section 61-3-301, MCA, provides that automobiles shall be licensed in "the county of his [applicant's] permanent residence at the time of application for registration," and this has been extended to school districts. 37 Op. Att'y Gen. No. 139 (1978).

Your question relates to those types of personal property which are not addressed specifically by statute. With respect to personal property owned by an individual, the ancient maxim "mobilia sequuntur personam" retains its force today. Absent statutory direction, it remains a first principle of personal property taxation that, as the phrase translates, the situs of personal property follows the residence of the owner. See 71 Am. Jur. 2d State and Local Taxation § 658 (1973); Cooley, Taxation § 440, ch. 9. Therefore, it is my opinion that, absent specific statutory direction, the residence of the owner determines the situs of personal property of an individual for purposes of taxation.

The answer to your second question, concerning the tax situs of personal property owned by a partnership or corporation, is more complex. With respect to all property (real and personal) held by a business enterprise, Montana law provides:

The property of every firm and corporation must be assessed in the county where the property is situated and must be assessed in the name of the firm or corporation.

§ 15-8-402, MCA.

More specifically, as to personal property, section 15-8-404, MCA, states in pertinent part:

(1) The personal property belonging to the business of a merchant or of a manufacturer must be listed in the town or district where his business is carried on.

These statutes establish that the actual physical location of business property is of primary importance in establishing its tax situs. However, "situated" means a presence in the county which is more than transitory or temporary. See generally 39 Words and Phrases 463 "situated" (and pocket supplement). One of the cases cited in the foregoing reference involved a statute similar to Montana's about which the Missouri court said:

The provision that tangible personal property "shall be taxable in the county in which such property may be situated" on a stated day is not the same as providing that the property shall be taxable where "physically present" on

SENATE TAXATION

EXHIBIT NO. 2

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that day. In its application to personal property, the word "situated" as used in a statute authorizing or directing the taxation of property, connotes a more or less permanent location or situs. [Citations omitted.]

Buchanan County v. State Tax Commission, 407 S.W.2d 910, 914 (Mo. 1966).

If it is unclear where the personal property of a business is "situated," then the principal place of business becomes the tax situs. The general rule is stated in American Jurisprudence 2d:

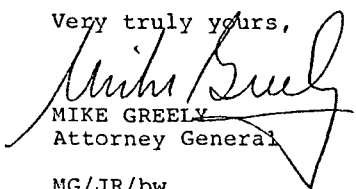
Under the usual statutory provisions relating to the taxation of the property of corporations, such organizations, whether domestic or foreign, are, as between different political subdivisions within a particular state, to be regarded as residents of the municipality or county in which is located their principal office or place of business, and are prima facie taxable on their personal property in such county or municipality.

71 Am. Jur. 2d State and Local Taxation § 680 (1973).

THEREFORE, IT IS MY OPINION:

1. Personal property owned by an individual acquires its tax situs by reference to the residence of its owner absent specific statutory direction.
2. Personal property of a partnership or corporation acquires its tax situs primarily by the location of the property. If the current location is temporary or transitory, the tax situs becomes the principal place of business of the organization.

Very truly yours,


MIKE GREELY
Attorney General

MG/JR/bw

SENATE TAXATION

EXHIBIT NO. 2

DATE 1-23-87

BILL NO. SB-63

PLEASE NOTE: IF THIS PROPOSED LEGISLATION IS PASSED, FY87 WOULD BE IMPACTED, AS HEARING OFFICERS WOULD BEGIN THEIR WORK AS EARLY AS MARCH 1987. THEREFORE, WE WOULD ASK THAT THIS APPROPRIATION WOULD BE AVAILABLE IN FY87, FY88 AND FY899 AS NEEDED.

Assumptions Used in Obtaining Estimates and Derivation of Estimates:

HIRING OF ATTORNEYS AS HEARING OFFICERS

Estimates compiled through consultation with the following sources:

Office of the Attorney General (AG)
Department of Natural Resources and Conservation (DNRC)
Department of Social and Rehabilitative Services (SRS)

The Office of the Attorney General charges \$45 an hour for the services of their staff attorneys as hearing officers for all the hours involved.

DNRC uses in-house attorneys, contracted attorneys, or in-house technical people. They pay up to \$65 per hour for contracted attorneys, and their in-house, non-attorney hearing officers are most classified as grade 15 and paid approximately \$15 per hour.

SRS uses in-house attorneys and non-attorneys. Again, all non-attorneys are basically paid at a grade 15 level.

Using attorneys as hearing officers for the more complex hearings would involve the following expenditures:

\$45 per hour attorney fee times eight hours equals \$360 per day.

\$8.50 per hour for secretarial help times eight hours equals \$68 per day for secretarial services.

Assuming one day of actual hearing of appeals, plus two days of preparation for hearing and preparation of records, including proposed findings of fact and conclusions of law, or three days times the \$360 cost per day for an attorney serving as a hearing officer equals \$1,080.

To this must be added 2 days of secretarial help (one day of hearings and one day typing record of hearing). \$68 per day times two days equals \$136.

Adding the \$1,080 for the attorney's fees plus the \$136 for secretarial help equals \$1,216.

Assuming that 10 appeals could be heard in one days' hearings, dividing the figure of \$1,216 by 10 appeals equals an approximate cost of \$120 per hearings held in Helena.

Hearings held outside of Helena would have to include mileage and meal reimbursement.

30 days of hearings by a contracted attorney, plus secretarial services, times \$1,216 equals \$36,480.

HIRING QUALIFIED NON-ATTORNEYS AS HEARING OFFICERS

Using \$100 per day as a base figure at a grade 15 salary, and assuming three and one-half days of hearing (one day for actual hearing, 2 1/2 days preparing for hearing, travelling, and preparing record.) gives \$350.

To this must be added the \$136 for two days of secretarial help for a total of \$486 (\$350 plus \$136).

Again, assuming that 10 appeals could be heard in one day of hearings and rounding the \$486 up to approximately \$500:

\$500 divided by 10 equals \$50 per hearing without per diem

50 days of hearings times \$50 equals \$25,000

SENATE TAXATION

EXHIBIT NO. 3

DATE 1-23-87

BILL NO. 58-122

ACKNOWLEDGEMENT

(MUST BE RETURNED WITHIN 5 DAYS TO
THE STATE TAX APPEAL BOARD, 1209
8th Avenue, Capitol Station, Helena,
Montana 59620)

I hereby acknowledge that I have received
the official notification from the State
Tax Appeal Board of the hearing date on
Appeal(s) numbered:

.....
SIGNATURE

.....
DATE

SENATE TAXATION

EXHIBIT NO. 4

DATE 1-23-87

BILL NO. SB-122

Amend Senate Bill No. 63
Introduced Copy

1. Title, line 6.

Following: "15-8-408,"

Strike: "15-8-601,"

2. Page 1, line 21.

Following: "homes"

Strike: "arriving"

Insert: "with taxable situs"

3. Page 3, line 9 through line 4, page 5.

Strike: Section 3 in its entirety

Remember: subsequent sections

SENATE TAXATION

EXHIBIT NO. 5

DATE 1-23-87

BILL NO. S.B. - 63

STANDING COMMITTEE REPORT

.....January 23,..... 1957.....

MR. PRESIDENT

We, your committee on.....**TAXATION**.....

having had under consideration.....**SENATE BILL**..... No. **129**.....

first reading copy (white)
color

**CLARIFY VETERANS' CLUBHOUSE TAX-EXEMPT STATUS --
UNAFFECTED BY BAR**

Respectfully report as follows: That.....**SENATE BILL**..... No. **129**.....

DO PASS

~~DO NOT PASS~~
~~XXXXXXXXXX~~

.....**SENATOR GEORGE McCALLUM,** Chairman.....

STANDING COMMITTEE REPORT

..... January 23, 19 37

MR. PRESIDENT

We, your committee on **TAXATION**

having had under consideration..... **SENATE BILL** No. **122**

first reading copy (white)
color

**PROCEDURE FOR APPEAL TO STATE TAX APPEAL BOARD --
ALLOW HEARING OFFICER**

Respectfully report as follows: That..... **SENATE BILL** No. **122**

be amended as follows:

1. Page 1, line 24.
Strike: "date"
Insert: "receipt"

AND AS AMENDED

DO PASS

~~DO NOT PASS~~

.....
SENATOR GEORGE McCALLUM, Chairman.