

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 10, 1987

The twentieth meeting of the Senate Taxation Committee was called to order at 8:05 A.M. on February 10, 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 Halligan.

CONSIDERATION OF SB 309: Senator Mazurek, Senate District 23, presented this bill to the committee. He introduced this bill at the request of the city of Helena. In one sense this bill is a cleanup of language and in another sense it would add an additional option for assessing property in street maintenance districts. This bill deals with street maintenance districts, formerly referred to as sprinkler districts from the old dust control days. The local governments make assessments for street maintenance districts for maintenance and upkeep of city streets by using four options, area, frontage, lot and taxable valuation. This bill would add another option under subparagraph (1) "assessable" area. "Assessable area" means the portion of a lot or parcel of land that is benefited by the maintenance district. The assessable area may be less than but may not exceed the actual area of the lot or parcel." There are large undeveloped lots with only a portion benefiting by the street frontage and street maintenance and this bill would allow the municipality to assess less than the full area of the property in determining what the assessment of the property would be. This bill would also allow the use of the trip generation factor to be used in establishing the assessment. Studies have been done that show a single family generated 10 trips on the street, while local business may generate 40.7 trips. Transportation engineers have found that method may provide the best link between assessment paid based on actual use. It is an option that should be used in major urban areas but may not work in every community. In large communities this would allow flexibility to local governments.

PROPOSERS: Janet Jessup, City of Helena, gave testimony in support of this bill. She said we found we cannot achieve equity within the current state law. This bill

will provide fairness and both changes are necessary. The first change allows us to determine the actual area that benefits on maintenance and to assess accordingly. The second method may be the fairest method for some communities. She pointed out you can use different types of methods on different types of property. One method might be more equitable than another.

Nathan Tubergen, City of Great Falls, gave testimony in support of this bill. He said we have similar problem areas that the city of Helena has with large empty lots. We have 1-5 acre lots in Great Falls and assessing those on a square foot basis realizes a large amount of tax for the local resident. With the various options this allows us to do a better job of assessing. He has done some work on the trip generation factor through their engineers. With this bill they can be more equitable both to the businesses and the residents of the city of Great Falls.

Bob Duty, City of Great Falls, gave testimony in support of this bill. He said we feel this is the fairest and the best way to assess street maintenance. The trip generation factor is on the concept of user basis. This will work especially well in the case of a large multiple unit apartment complex that is built on a single lot and is now paying the same assessment as a person owning a single family home on the same size lot. He said the trip factor would be necessary for better assessments.

Dick Nisbet, Director of Public Works, City of Helena, gave testimony in support of this bill. He believes this bill will give flexibility to be more equitable in assessments.

Chuck Stearns, City of Missoula, supports this bill in order to provide more options for equitable assessments.

Alec Hansen, Montana League of Cities and Towns, supports this bill because it promotes fairness.

OPPONENTS: None.

QUESTIONS FROM THE COMMITTEE: Senator Crippen asked Senator Mazurek what the method is now for protesting an assessment for property in a street maintenance district.

Senator Mazurek referred the question to Mr. Tubergen.

Nathan Tubergen said you can protest the creation of a street maintenance district. If the majority of the people do not want the district they could take out a petition, 50% of the people within the district must protest.

Senator Crippen said now, with this bill, we are changing the assessing manner a little bit than it was before, and there might be some people who might protest this and who have not had the opportunity to look at this new assessment option.

Dick Nisbet said during the annual meeting of the city commission we would have to advertise that there will be a change in the method of assessments. Our city commission, when making changes such as this, will hold a public meeting and the public opinion does have a bearing on what is decided.

Senator Hirsch asked if when they employ an option if they stick with that option throughout the year.

Bob Duty said we would use a variety of options but when we set that assessment for a certain piece of property we would use that assessment during the whole year.

Senator Crippen said he has a problem with treating one parcel differently than another.

Bob Duty said we feel that in order to be fair we have to treat different types of property differently. In his case, where they have very large pieces of property that are empty lots, it would not be fair to assess them on a square footage basis.

Senator Crippen said in the case of a city park with a swimming pool, taking into consideration the trip generation factor assessment option, does the city in that case pay the assessment.

Janet Jessup said the city of Helena determined many years ago to assess all property regardless of ownership. The only property that does not pay street maintenance to the city of Helena is the U.S. Post Office.

Senator Mazurek closed by stating he thinks it is important to keep in mind that street maintenance districts are different than SID's. Street maintenance districts are very large, city wide, and are ongoing. These are subject to the annual budget process. They are reviewed every year when assessments are made.

Hearing closed.

DISPOSITION OF SB 266: Senator Mazurek said he is confused on the tax question. If there is a retail sale on premise, we would pick up the retail tax.

Senator McCallum said there is no method. There are no rules or regulations on wine produced in Montana.

Senator Severson said he does not think we should hassle this man as far as starting a new business.

Senator Mazurek said Kessler has run into a problem with being taxed here and out of state. We should be very careful about putting anything taxwise on them. Whatever we do will tax him twice instead of once.

Senator Lybeck said the testimony from Roger Tippy was for an amendment on page 1, line 18, to limit that to two cases a month, plus he wanted a statement of intent.

Senator Eck said she couldn't get excited about that. People who come to the winery will want to buy more than two cases. She would move to amend the bill on page 1, line 13, after import to insert "in bulk". This would make it clear they can't import bottles.

Senator Brown asked if they would be bringing in large quantities of grapes.

Senator Eck said they are importing the wine in big tanks.

Senator Eck's motion carried.

Senator Crippen would move to amend the bill on page 1, line 18, following "consumption" to insert "on or". This would allow for picnics on the grounds of the winery.

Senator Neuman asked if there is something in the statute that provides for someone to buy a bottle of wine and go out and drink it outside.

Senator Mazurek said you own the premises and you have to have a license to sell wine for consumption without this bill. Without this bill you would need a license with a wine endorsement.

Senator Crippen does not find it to be much of a worry that a wine bar will be set up and people will come for miles around and this will take business away from the bars in the area. If there turns out to be a problem we can come back in two years and provide for a tax.

Senate Taxation
February 10, 1987
Page Five

Senator Lybeck said you are talking about selling wine that they produce at retail at the winery. He asked if they would need a license.

Senator Mazurek said this bill would eliminate the need for a license.

Senator Lybeck asked if that would be in conflict with the statutes.

Senator Mazurek said we are just saying that a winery doesn't have to go through the provision of obtaining a license to sell his own product.

Senator Crippen's motion carried.

Senator Lybeck asked about a statement of intent.

Jim Lear said it is not required.

Senator Bishop would move that SB 266 DO PASS AS AMENDED. The motion carried.

DISPOSITION OF SB 192: Senator Eck made a motion that SB 192 DO NOT PASS. The motion carried with Senators Crippen, Severson and McCallum opposed. Senator Halligan was absent.

ADJOURNMENT: The meeting adjourned at 9:15 A.M.


SENATOR McCALLUM, Chairman

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ROLL CALL

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2-10-87

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

Each day attach to minutes.

STANDING COMMITTEE REPORT

February 10, 19 87

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration SENATE BILL No. 266

first reading copy (white)
color

AUTHORIZE ON-PREMISE CONSUMPTION AT WINERY WITHOUT CHARGE

Respectfully report as follows: That SENATE BILL No. 266

be amended as follows:

1. Title, line 7.

Strikes: "OFF-PREMISES"

Following: "CONSUMPTION"

Insert: "ON OR OFF THE PREMISES"

2. Page 1, line 13.

Following: "import"

Insert: "in bulk"

3. Page 1, line 13.

Following: "consumption"

Insert: "on or"

AND AS AMENDED

DO PASS

~~DO NOT PASS~~

SENATOR GEORGE McCALLUM, Chairman.

STANDING COMMITTEE REPORT

February 10, 19 37

MR. PRESIDENT

We, your committee on SENATE TAXATION
having had under consideration Senate Bill No. 192
first reading copy (white)
color

**REDUCE PROPERTY VALUATION TO PRICE OFFERED FOR SALE
& EQUALIZE ACCORDINGLY**

Respectfully report as follows: That Senate Bill No. 192

~~DO PASS~~

DO NOT PASS

SENATOR GEORGE McCALLUM, Chairman.