

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

March 30, 1987

The fifty-third meeting of the Senate Taxation Committee was called to order at 8:00 A.M. on March 30, 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 Neuman.

CONSIDERATION OF HB 617: Representative Vincent, House District 80, presented this bill to the committee. This bill adjusts the portion of the taxable percentage rate, eligible for reduction, applicable to a residence occupied by a low-income owner. It adjusts for the statewide reappraisal for purposes of tax relief on residences for low income people. It has no fiscal impact.

PROPONENTS: Greg Groepper, Administrator, Property Assessment Division, Department of Revenue, gave testimony in support of this bill. Administratively this was missed in the 1985 session. We knew that property would go up 125% and tried to take care of that, but this is one place we missed.

OPPONENTS: None.

QUESTIONS FROM THE COMMITTEE: None.

Representative Vincent closed.

DISPOSITION OF HB 617: Senator Hager made a motion that HB 617 BE CONCURRED IN . The motion carried with committee members present. Senators Crippen, Neuman and Mazurek were not at the hearing at the time of this vote.

CONSIDERATION OF HB 751: Representative Winslow, House District 89, presented this bill to the committee. This bill is in reaction to some of the unique times we have in Montana now. It was first brought to his attention when a refinery in Wolf Point shut down because of the cost of property taxes. There will never be production in that refinery again. This bill gives to the county commissioners the ability to reduce property taxes on a plant that has ceased production or as an improvement

to a railroad's operating property that has ceased production. This might encourage them to get the property producing again. There is a sunset on this bill to see whether it will help or not.

PROPOSERS: None.

OPPOSERS: None.

Greg Groepper, Administrator, Property Assessment Division, Department of Revenue, gave technical comments concerning this bill. The House amended out the qualifying period of time to be shut down and he would suggest that the committee might want to consider the same qualifying period of time. If you don't do something like that, technically any business shut down December 31st could qualify for this. There are a number of seasonal operations that would be around to qualify for this exemption as well.

QUESTIONS FROM THE COMMITTEE: None.

Representative Winslow closed by stating he understands Greg Groepper's concerns. The feeling was that the county commissioners would have to look at that anyway and make that decision.

DISPOSITION OF HB 751: Senator Eck made a motion that we reinsert the stricken language on page 1, lines 19-20, with 6 months rather than 12 months. The county commissioners will have to look at this anyway.

The motion carried with Senator McCallum opposed and Senator Neuman absent.

Senator Eck made a motion that HB 715 BE CONCURRED IN AS AMENDED. The motion carried with Senator Neuman absent.

DISPOSITION OF HB 709: Senator Halligan furnished the committee with amendments to this bill, attached as Exhibit 1. At the hearing he brought up the question of the July 1, 1981 date, that was passed with the original law. These amendments limit this to after July 1, 1987. The amendments also strike "an industry" and insert "a firm", so that all industry does not get this tax break and it would be tied to a firm. Senator Halligan would move the amendments.

Senator McCallum said this is the bill Representative Asay wanted amended to give the benefit of this to a firm that has changed hands through bankruptcy.

Senator Halligan does not believe tax incentives should be focused on a business that has gone through bankruptcy and changed hands. He does not believe we should give breaks to them.

Senator McCallum said we have tried to do a lot for the bankrupt farmers this session. The sugar beet factory in Billings is the only one they have and without it we would lose the beet production. Their equipment will not be on the tax rolls if they don't raise beets.

Senator Eck said with Asay's amendment it wouldn't have to be new or expanding, it would just have to be newly operating.

Jim Lear said the language to be inserted would be "has changed ownership due to a foreclosure or bankruptcy proceeding".

Senator Halligan said he wouldn't mind that if it changed new ownership and it was tied to new investment.

Jim Lear said the amendment does not say anything about it having any investment dollars involved.

Senator Halligan's motion on the amendments carried with Senator McCallum opposed and Senator Neuman absent.

Senator Halligan made a motion that HB 709 BE CONCURRED IN AS AMENDED. The motion carried with Senator Neuman absent.

FURTHER CONSIDERATION OF HB 714: Senator Mazurek asked Greg Groepper if he had any problem with this bill.

Greg Groepper said we do not have any problem with this approach. The Governor's bill, SB 307, had a similar approach. That schedule has not been adjusted for inflation for a long period of time. He does not believe it will cause a problem.

Senator Mazurek said we would need coordination instructions if SB 307 or HB 904 were to pass. This is a different way of doing the same thing.

Jim Lear said we could let this go and put coordination instructions in SB 307, whatever is the pleasure of the committee.

FURTHER CONSIDERATION OF HB 743: Jim Lear said the problem with this bill, in looking at SB 162 on the tax deed process, 15-18-101 is amended by this bill but is repealed by SB 162. SB 162 has new provisions for the time for redemption and the committee should know that Section 5 of HB 743 is perhaps one of the key components of the bill in that it provides for a standard redemption period for homestead property.

Senator Mazurek said it repeals all of Title 15, Chapter 18, but all it does is rewrite it. You would have to go into the new redemption section and write this into that or that into this.

Senator Crippen said one of the things you have to keep in mind is that when you do an SID on a parcel of land, you are required to do the SID on the entire parcel, whether you want to develop a portion of the parcel or not. They will make you put the whole thing into SID. They require you to pay a set fee for the engineer, for the attorney and you talk about a sweet deal. There is no way to negotiate those fees. A large SID will get \$50-100,000 more in fees than they deserve. Developers will come in and develop anything they get their hands on, but the county and cities should not allow that.

ADJOURNMENT: The meeting adjourned at 8:45 A.M.

  
SENATOR GEORGE McCALLUM, Chairman

ROLL CALL

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3-30-87

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.



AMENDMENTS TO HOUSE BILL NO. 709

THIRD READING COPY

1. Title, line 6.  
Following: "NEW,"  
Strike: "EXPANDING,"  
Insert: "EXPANSION,"
2. Page 1, line 16.  
Following: "expanding"  
Strike: "EXPANDING,"  
Insert: "Expansion,"
3. Page 1, line 19.  
Following: "added"  
Insert: "after July 1, 1987,"
4. Page 1, line 21.  
Following: "jurisdiction"  
Strike: "since July 1, 1981."  
Insert: "either in the first tax year<sup>in</sup> which the benefits provided for in 15-24-1402 are to be received, or in the preceding tax year."
5. Page 1, line 23.  
Following: "to"  
Strike: "an industry"  
Insert: "a firm"
6. Page 2, line 10.  
Following: "invested" "INVESTED"  
Insert: "after July 1, 1987,"  
Following: "\$500,000"  
Insert: "worth of qualifying improvements or modernized processes"
7. Page 2, line 11.  
Following: "JURISDICTION"  
Insert: "either in the first tax year<sup>in</sup> which the benefits provided for in 15-24-1402 are to be received, or in the preceding tax year"
8. Page 2, line 12.  
Following: "15-6-135."  
Insert: "(4) 'Qualifying' means meeting all the terms, conditions, and requirements for a reduction in taxable value under 15-24-1401 and 15-24-1402."

SAIG; line 9  
15-24-1402(2)  
15-24-1402(3)

SENATE TAXATION

EXHIBIT NO. 1

DATE 3-30-87

BILL NO. H.B. 709

9. Page 2, line 17.

Following: "issued,"

Insert: "qualifying"

Following: "improvements"

Insert: "or modernized processes"

*don't underline*

*don't underline*

10. Page 2, line 18.

Following: "industry"

Strike: "or modernization,"

11. Page 2, line 19.

Strike: "construction,"

12. Page 2, line 25.

Following: "value."

Insert: "However, total taxes on property receiving the reduced taxable value provided for in this section ~~shall~~ <sup>may</sup> not be lower than 4% of the appraised value of the property when all mills levied on the property are considered. If total taxes on the qualifying property ~~shall be~~ less than 4% after receiving the reduced taxable value provided in this section, the taxable value ~~shall~~ <sup>must</sup> be increased until total taxes levied on the property equal 4% of its appraised value or until the property does not receive a reduction in taxable value under this section, whichever ~~shall~~ occur first."

*(2) The*

~~13. Page 3, line 1.~~

~~Following: "~~(2)~~"~~

Insert: "~~The~~ tax benefits provided in subsection (1) ~~shall~~ <sup>may</sup> not be granted by a taxing jurisdiction if the improvements or modernized processes replace operations or facilities in another taxing jurisdiction in Montana."

RENUMBER SUBSEQUENT SUBSECTIONS.

14. Page 3, line 19.

Following: "REAL PROPERTY"

Insert: "other than land"

*13. Page 3, line 15.*

*Following: "subsection"*

*Strike: "(2)(a)"*

*Insert: "(3)(a)"*

SENATE TAXATION

EXHIBIT NO. 1

DATE 3-30-87

BILL NO. H.B. 709



# STANDING COMMITTEE REPORT

March 30

19 87

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 617

third reading copy ( blue )  
color

**VINCENT (HAGER)**

**REVISING MARKET VALUE THRESHOLD FOR LOW-INCOME PROPERTY  
TAX RELIEF**

Respectfully report as follows: That HOUSE BILL No. 617

BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXXXX~~

SENATOR GEORGE McCALLUM, Chairman.

# STANDING COMMITTEE REPORT

March 30 ..... 1937

MR. PRESIDENT

We, your committee on ..... SENATE TAXATION .....  
having had under consideration ..... HOUSE BILL ..... No. 751  
third ..... reading copy ( blue ..... )  
color

WINSLOW (ECK)

TAX EXEMPTION TO PREVENT DISMANTLING OF NONPRODUCING  
MFG. IMPROVEMENT

Respectfully report as follows: That ..... HOUSE BILL ..... No. 751

be amended as follows:

1. Page 1, line 20.

Following: "MONTHS"

Insert: "for a period of at least 6 consecutive months"

AND AS AMENDED  
BE CONCURRED IN

DOXKASS

XDXNQKASS

.....  
SENATOR GEORGE McCALLUM, Chairman.

# STANDING COMMITTEE REPORT

HB 709  
Page 1 of 3

March 30

1987

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration HOUSE BILL No. 709

third reading copy ( blue )  
color

**BROWN, D. (HALLIGAN)**

## **EXPANDING PROPERTY TAX INCENTIVES FOR NEW AND EXPANDING INDUSTRIES**

Respectfully report as follows: That HOUSE BILL No. 709

**be amended as follows:**

1. Title, line 6.

Following: **"NEW"**

Strike: **"EXPANDING"**

Insert: **"EXPANSION"**

2. Page 1, line 16.

Following: **"expanding"**

Strike: **"EXPANDING"**

Insert: **"Expansion"**

3. Page 1, line 19.

Following: **"added"**

Insert: **"after July 1, 1987,"**

4. Page 1, line 21.

Following: **"jurisdiction"**

Strike: **"since July 1, 1981."**

Insert: **"either in the first tax year in which the benefits provided for in 15-24-1402 are to be received, or in the preceding tax year."**

5. Page 1, line 23.

Following: **"to"**

Strike: **"an industry"**

Insert: **"a firm"**

XXXXXXXXXX

XXXXXXXXXXXX

CONTINUED

Chairman.

March 30

19 37

6. Page 2, line 10.

Following: line 9

Strike: "15-24-1402(2)"

Insert: "15-24-1402(3)"

Following: "INVESTED"

Insert: "after July 1, 1987,"

Following: "\$500,000"

Insert: "worth of qualifying improvements or modernized processes"

7. Page 2, line 11.

Following: "JURISDICTION"

Insert: "either in the first tax year in which the benefits provided for in 15-24-1402 are to be received, or in the preceding tax year"

8. Page 2, <sup>following</sup> line 12.

Following: "15-6-135."

Insert: "(4) "Qualifying" means meeting all the terms, conditions, and requirements for a reduction in taxable value under 15-24-1401 and 15-24-1402."

9. Page 2, line 17.

Following: "issued,"

Insert: "qualifying"

Following: "improvements"

Insert: "or modernized processes"

10. Page 2, line 18.

Following: "industry"

Strike: "or modernization,"

11. Page 2, line 19.

Strike: "construction,"

12. Page 2, line 25.

Following: "value."

Insert: "However, total taxes on property receiving the reduced taxable value provided for in this section may not be lower than 4% of the appraised value of the property when all mills levied on the property are considered. If total taxes on the qualifying property is less than 4% after receiving the reduced taxable value provided in this section, the taxable value must be increased until total taxes levied on the property equal 4% of its appraised value or until the property does not receive a reduction in taxable value under this section, whichever occurs first."

(2) The tax benefits provided in subsection (1) may not be granted by a taxing jurisdiction if the improvements or modernized processes replace operations or facilities in another taxing jurisdiction in Montana."

Renumber subsequent subsections.

13. Page 3, line 15.

Following: "subsection"

Strike: "(2) (a)"

Insert: "(3) (a)"

CONTINUED

March 30

19 37

14. Page 3, line 19.  
Following: "REAL PROPERTY"  
Insert: "other than land"

AND AS AMENDED

BE CONCURRED IN

.....  
SENATOR GEORGE McCALLUM, Chairman