

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on March 10, 1989, at  
9:00 a.m.

#### ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: None.

#### HEARING ON SENATE BILL 226

#### Presentation and Opening Statement by Sponsor:

Senator Matt Hims1, District 3, stated SB 226 deals with the rental returns on cabin sites located on state lands. He submitted written testimony on behalf of the bill. (Exhibit 1). He also submitted a document regarding the leased properties. (Exhibit 2).

#### Testifying Proponents and Who They Represent:

Mrs. Bill Hedstrom, State Land Leaseholder  
Kay Ruth Baenen, Libby, Former County Assessor  
Lois Lifert, Kalispell, McGregor Lake Lessee  
Parmol Whitehead, Flathead Lake

#### Proponent Testimony:

Mrs. Bill Hedstrom spoke in support of the bill. (Exhibit 3).

Kay Ruth Baenen stated her rental increased from \$150.00 to \$1,000.00 last year. She said this year, she received a 30% reduction and paid \$700.00. She did appeal and her appraisal was reduced. Ms. Baenen said the state is receiving much more on these rentals than the lessees would have to pay if the counties were doing the appraisals.

Lois Lifert stated there should be an equitable method of establishing the amount of rent. She said the county assessors are familar with the problems of the area such as impassable roads. Mrs. Lifert stated she did not mind

paying the taxes if they are equitable. She urged passage of the bill.

Parmol Whitehead said he had paid \$1,500.00 to reevaluate the property in order to reduce the appraisal. He said the property was finally reevaluated by the state at \$26,000.00 after the fourth appraisal. Mr. Whitehead stated he would simply like an equitable way to determine the fees. He urged passage of the bill.

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Testifying Opponents and Who They Represent:

John North, State Lands Department

Opponent Testimony:

John North spoke in opposition to the bill. (Exhibit 4).

Questions From Committee Members: Rep. O'Keefe asked Kay Baenen if it was correct that the state lessees were paying 5% of the lease value but 3.5% of the appraised value. She replied they were appraised at 5%, then this was reduced by 30%, then a further reduction was obtained through appeal. She said the state appraisal takes .386% of the appraisal to determine the taxable evaluation. She said that many large homes were taxed far less than she had to pay. Rep. O'Keefe then asked Senator Himsl if the state is charging 5% of the lease value and the federal government charges 5% of the appraised fair market fee simple value, what is the difference between 5% of lease value and 5% of the fee simple value. Sen. Himsl replied no one knows what lease value is. Rep. O'Keefe replied if we know the fee simple value, would it not be fair to charge the same as the federal government. Sen. Himsl answered the federal is now going through a new appraisal and evaluation schedule.

Chairman Harrington asked Sen. Himsl if the problem was not the percentage. Sen. Himsl replied the amount the state receives is not limited but the percentage is limited. He said the appraisal process is by state appraisers and in that process, any lessee can appeal if they are dissatisfied.

Rep. Hoffman stated he was not familiar with lakeside appraisals, and asked Sen. Himsl if it was common to take \$10,000.00 off of each lot for the corridor. Sen. Himsl stated he really did not know, but the corridor is of high value since this is on the beach. Rep. Hoffman then asked if it was required by law that all lakefront property have a public corridor. Sen. Himsl stated it was not.

Closing by Sponsor: Sen. Himsl stated if the legislature had the authority to set this scale in 1983, it has the authority to set it in 1989. He said the lessees have, in many instances, held their leases for 25 or 30 years and they

cannot afford the current charges. He said this return was fair and reasonable tax policy and the appraisals would be handled by the county by people familiar with the area. He urged passage of the bill.

DISPOSITION OF SENATE BILL 226

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

HEARING ON SENATE BILL 184

Presentation and Opening Statement by Sponsor:

Senator Elmer Severson, District 32, stated in 1917, the legislature created a committee to study tax classifications and passed a law in 1919 that put stocks of merchandise and livestock in the same classification. He said this remained in effect until 1975 when the legislature renamed stocks and merchandise to business inventory and lowered the tax rate to 4%. He stated livestock remained at an effective rate of 13% which was later lowered to 8%. In 1981, SB 47 lowered the taxation to 4%. He said SB 184 exempts livestock from the business inventory tax. Sen. Severson stated a recent court decision ruled the livestock tax unconstitutional and ordered a refund back to 1981. He urged support of the bill.

Testifying Proponents and Who They Represent:

Jerry Jack, Executive Vice President, Stockgrower's Association, Montana Cattlemen, Montana Association of Cattlegrazing Districts  
Tom Hattersley, Attorney representing Montana Stockgrowers  
John Salmond, Western Environmental Trade Association  
James Tutwiler, Montana Chamber of Commerce  
George Vogt, Cattleman, Missoula

Proponent Testimony:

Jerry Jack stated his organizations strongly support passage of SB 184. He said they were asking only for equal treatment.

Tom Hattersley stated he was involved in the lawsuit Sen. Severson mentioned. He said the reason for the lawsuit was the fairness issue. Mr. Hattersley stated the tax had been removed from all business inventory except livestock and as a result of this, the lawsuit was filed. Mr. Hattersly said

the court did not include the Department of Livestock levies and this remains as a method of funding the department. He stated the method of refund has not been established as yet. He urged passage of the bill.

Jack Salmond stated his organization supported the bill.

James Tutwiler stated the Chamber of Commerce supported the bill. He said the Chamber works for the reduction of taxes and particularly the business inventory tax which remains in the livestock area only. He urged support of the bill.

George Vogt spoke in support of SB 184. (Exhibit 5).

Testifying Opponents and Who They Represent:

Joan Toole, Office of Public Instruction  
Gordon Morris, Association of Counties  
Phil Campbell, Montana Education Association  
Rock Ringling, for Himself and the Ringling Ranch, Inc.  
Montana School Boards Association

Opponent Testimony:

Joan Toole stated SB 184 would have an impact on the schools of a 2.7 million loss in 1990, and a 2.6 million loss in 1991. She urged opposition to the bill.

Gordon Morris submitted a document to the committee of an analysis of the revenue losses to the counties from SB 184, if passed. (Exhibit 6). He said the specific tax losses were very important to the counties. He asked that the committee postpone action on the bill until the Supreme Court Decision.

Phil Campbell stated SB 184 would mean a five million dollar loss for schools and local government over the biennium. He said this would be a severe impact at a time when school funding is critical. He urged defeat of the bill.

Rock Ringling stated he was not really for or against the bill but concerned with the reduction of property value in and the tax impact on Carter County. He stated if the bill passes, they would see a large increase in their taxes in spite of the livestock exemption.

The Montana School Boards Association submitted written testimony in opposition to the bill. (Exhibit 7).

Questions From Committee Members: Rep. Giacometto asked Phil Campbell about the fairness issue and yet his position was opposition to the bill. Mr. Campbell replied he opposed the bill because of the school fiscal impact and if the bill is passed, the committee needs to consider how the replacement revenue will be obtained. He said the MEA's legislative

program calls for a tax system that is fair and equitable. He said this is somewhat contradictory and recognizes that.

Rep. Patterson stated he realized the equity issue will be decided by the courts and if the refund measure is upheld by the supreme court, will Mr. Morris and his organization lobby the legislature for replacement funds for this impact on the counties. Mr. Morris replied he would not lobby the legislature and the counties would refuse to have any responsibility for the refund and will go to court if necessary. He said this is not a protest tax situation, the money was spent and now there is a class action lawsuit.

Rep. Ellison said to Mr. Morris that he understood he was suggesting that this committee should not be deciding tax equity. Mr. Morris said he did not intend to say that but the tax equity decision in this case, will be decided by the court due to the lawsuit. Rep. Ellison asked if Mr. Morris was suggesting if the court decides in favor of the refund, it is the fault of the legislature. Mr. Morris stated he had made that suggestion and that the counties were not going to assume any liability for the refund.

Rep. Elliott asked Mr. Hattersly if any distinction had been made between cattle held for production and cattle held for inventory. Mr. Hattersly replied there had but in looking at cattle, these distinctions are difficult to define.

Rep. Schye asked Jerry Jack if he had had any discussion in regard to the cattle people who want the bill but are concerned about the fiscal impact. Mr. Jack replied it was his understanding that if the court decision is in favor of a refund, then this would be remanded to district court to find a solution for the payback of funds.

Rep. Rehberg asked what percent of other states charge an inventory tax. Mr. Hattersley responded all western states exempt all business inventory. He said all of the states surrounding Montana have no business inventory tax including livestock.

Rep. Ellison asked if this bill is passed, would it have an effect on the court decision. Mr. Hattersley replied it would have an effect on the members who filed the class action suit but it would be the judge's decision.

Rep. Schye asked if the bill passed, would the stockgrower's be able to withdraw their class action suit. Mr. Hattersley replied they would have to ask the approval of their class members.

Rep. Elliott stated the bill exempts all stock so wouldn't it be better to wait until the decision is made as to whether or not livestock is inventory or not. Mr. Hattersley replied the refund is continuing to accumulate

and the unfairness is continuing.

Closing by Sponsor: Sen. Severson stated the refund was not in the bill. He said that is strictly up to the Supreme Court. He said the bill will take care of the tax issue and passage of the bill to eliminate the livestock tax is an important issue. Sen. Severson urged passage of the bill.

DISPOSITION OF SENATE BILL 184

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

HEARING ON HOUSE BILL 475

Presentation and Opening Statement by Sponsor:

Rep. Ben Cohen, District 3, stated HB 475 addresses property tax classification problems. He submitted a document to the committee on various tax areas. (Exhibit 8). He stated livestock was not included in the bill since the committee should have the opportunity to decide whether or not livestock should be taxed. Rep. Cohen said property class 4 is a significant change because it combines all real and residential property and many other types of real property whose taxable value is assessed by using a 3.86% rate. He said there are other percentages used for certain kinds of exemptions such as property owned by senior citizens and low income people. He stated the only actual change is a homestead exemption. Rep. Cohen said all types of personal property tax has been placed in class 6 with a proposed rate of 10% which will amount to a revenue loss of eight million to the state. He said the overall loss of revenue will amount to twenty-two million. Rep. Cohen said the cities and towns will have to be allowed to raise their mill levies in order to replace the lost revenue or another source such as income tax reform would have to be used.

Testifying Proponents and Who They Represent:

None.

Proponent Testimony:

None.

Testifying Opponents and Who They Represent:

Dennis Burr, Montana Taxpayers Association

Phil Campbell, Montana Education Association  
Gordon Morris, Association of Counties  
Alec Hanson, League of Cities and Towns

Opponent Testimony:

Dennis Burr stated he sympathized with Rep. Cohen's intent but he said the exemption from I105 to allow increases in the mill levies to account for the revenue loss in the bill may have increased the distortions in the tax system rather than decreased them. He said the taxpayers association supported decreasing the property tax to levels that are competitive with other property in Montana and with other states but the bill does not accomplish this. Mr. Burr stated the property tax distortions in the system relate to the school funding inequities and the bill does not solve these problems.

Phil Campbell stated the loss of revenue to schools would be quite extensive. He said the classification change is a good concept but the loss of revenue is a problem unless it can be replaced in an equitable way.

Gordon Morris stated his organization takes a very careful look at legislation that provides property tax relief. He said this bill did not provide substantial property tax relief. Mr. Morris stated the bill provides a tool to look at and arrive at methods to achieve substantial property tax relief.

Alec Hanson stated the real issue in this bill is that it does not solve the property tax problems. He said the bill adjusts rates and raises levies but this simply does not accomplish what is needed. He agreed there was a need to change the property tax system but this bill was not the answer.

Questions From Committee Members: Rep. Ream asked Dennis Burr about his statement that any good tax system should bring the real property and the personal property closer together. Mr. Burr stated there are two ways to do this which would be raising the real property or to reduce the personal property. He said the message from I105 came primarily from homeowners who feel their taxes are too high now so politically, the possibility of raising the real property is doubtful and the alternative of lowering the personal property carries with it the problem of replacing the revenue to local governments.

Rep. Raney asked Mr. Burr for his rationale as to why residential and other property should be taxed at the same rate. Mr. Burr responded property tax is a tax on wealth that is held, not on ability to pay.

Closing by Sponsor: Rep. Cohen stated taxes on homes and taxes

on a shop are very different amounts. He said most people object more to taxes on their homes than on their businesses. He said he had attempted to keep residential and commercial property in the same class and provided an exemption for low income people. He said the intent of his bill was to provide the most tax relief to the lower income people and there will be revenue losses that would have to be replaced by some method.

## DISPOSITION OF HOUSE BILL 475

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

## EXECUTIVE SESSION

## DISPOSITION OF SENATE BILL 65 HEARD ON MARCH 9:

MOTION: Amendments were proposed. Dave Bohyer explained stating the deleted language on page 2 was reinserted which places the limitation on the individual taxes rather than the taxing jurisdiction and on page 3, language was inserted at the beginning of line 14 that allows the valuations to change due to the sales assessment ratio adjustments. He said the amendments also allow the local jurisdiction to change their mill levies if their taxing valuation has dropped 5% or more since the 1986 tax year. Rep. Ellison asked why the date was delayed and Rep. Giacometto replied all the schedules are out on the last sales assessment ratio and the taxes cannot be increased for a year. Rep. Gilbert asked about amendments 2 and 3 and the capping of the individual tax liability. Dave Bohyer replied if there is a change in the valuation, then the citizen would have to pay more taxes. Rep. Giacometto made the motion to move the bill.

DISCUSSION: Rep. Gilbert stated that in a county that has no removable taxation, the only difference in a property owner's taxable liability will be that of the valuation on improvements of the sales assessment ratio. He said the bill does nothing for the energy counties. Rep. Gilbert stated in Richland County 70% of the taxable base was oil net proceeds. He said production and taxable evaluation went down by more than half and with this event, the tax base was gone. He stated this resulted in a 26% increase in property taxes for the citizens of Richland County. He said this is what SB 65 does and he opposes the bill.

Chairman Harrington stated he did not disagree with the fact that taxes would go up but the schools must be funded and there are county services that people demand. He said all of this involves funding. He stated that, in the last session HB 136 was passed,



but the Department of Revenue made the ruling that taxes could go down and not up. He said SB 65 changes that.

Rep. Raney asked Rep. Gilbert how he proposed to pay for the schools and the public services in his county if he did not want taxes to increase. Rep. Gilbert replied if the tax base is no longer there, the services cannot be funded. He said if the citizens want to pass a tax on themselves, that is fine, but this bill does not do this. Rep. Gilbert stated if taxes remain at the 1986 level and the base disappears, then the money is simply not there to fund anything.

Chairman Harrington stated that if there is an emergency in the county, school districts or local government can pass a levy for funding.

Rep. Giacometto stated his bill did not say individual but the county level dollar for the entire area but this amendment is saying the actual tax liability for the individual is capped. He referred this to Dave Bohyer saying this covered Rep. Gilbert's concerns. Dave Bohyer replied, with these amendments, if an individual's property goes up as a result of a sales assessment ratio and by reinserting the language on lines 9 through 14, page 2, the liability could be increased. Rep. Giacometto then said the only way taxes could be increased on the individual is through a sales assessment ratio that evaluates the property at a higher amount.

Rep. Rehberg stated he did not understand this at all. He asked Rep. Gilbert if people are leaving, don't the demands for services go down. Rep. Gilbert replied not according to local government since in his county, they had lost 6,000 people but the government costs were the same. Rep. Rehberg then asked Chairman Harrington if he agreed that with the loss of 6,000 people, the cost of local government services and schools should decrease. Chairman Harrington replied that what often happens is the losses are not that great to make a big enough difference as far as school needs and services are concerned. Rep. Rehberg then asked Rep. Gilbert if the unfairness in the bill was the capping of the individual liability or is it the 5%. Rep. Gilbert replied the amendment will protect individual property owners and the bill will allow the county to declare an emergency, but his concern is that the representatives of local government will not want the people to vote on an emergency measure and this will cause problems.

Rep. Ream moved the amendments. Motion CARRIED by a unanimous voice vote. Rep. Giacometto made the motion to DO PASS AS AMENDED.

Rep. Good asked Dave Bohyer if he was satisfied that the amendments stated if a taxpayer's property does not go up in evaluation through improvements, the tax will stay as it is. Mr. Bohyer replied if there is a reevaluation or a sales assessment ratio study that indicates that the values in the district have

changed, then the individual's taxes will increase. Rep. Good said she meant if everything stays exactly as it is currently, will the taxes increase. Mr. Bohyer replied they will not. Mr. Bohyer stated he had not mentioned to the committee that the street lighting district can no longer increase taxes under these amendments.

Rep. Cohen made the motion to amend page 5, line 21 of the bill to end tax increases by the city street maintenance districts.

The motion FAILED by a 16 to 2 voice vote.

The motion DO PASS AS AMENDED on the bill CARRIED by a 17 to 1 voice vote with Rep. Good voting no.

DISPOSITION OF HOUSE BILL 125 HEARD ON JANUARY 20:

MOTION: TO TABLE by Chairman Harrington. Motion CARRIED by a unanimous voice vote.

DISPOSITION OF SENATE BILL 2 HEARD ON MARCH 9:

MOTION: TO TABLE by Chairman Harrington. Motion CARRIED by a unanimous voice vote.

DISPOSITION OF HOUSE BILL 435 HEARD ON FEBRUARY 3:

MOTION: TO TABLE by Chairman Harrington. Motion CARRIED by a unanimous voice vote.

DISPOSITION OF HOUSE BILL 111 HEARD ON JANUARY 11:

Rep. Ream made the motion to RECONSIDER HB 111 that was a DO NOT PASS AS AMENDED on March 7.

The motion was CARRIED by a 12 to 6 voice vote with Reps. Giacometto, Good, Hanson, Patterson, Driscoll and Rehberg voting no.

Rep. Ream made the motion to DO PASS AS AMENDED.

Rep. Patterson stated he was opposed to the bill. He said there was a bill in the Highways Committee regarding licensing of vehicles and it was stated that there were many autos that were not being licensed due to the high fees. He said there are other bills coming in on this same question.

Rep. Cohen stated he was opposed to any increase in fees about .50 cents.

Rep. Ream stated this was a very important program to every county throughout the state. He said the program had been very successful but the reserves had been used for other areas. He stated the increase is needed in order for the program to continue.

Rep. Larry Grinde, House District 30, spoke on the bill stating in the 1987 session, the junk vehicle program had been so successful, it had accumulated extensive funds and it was taken for other uses. He asked the committee to look at this as a benefit to the entire state. He said the money now has to go to the junk vehicle program only. He said the committee could put a cap on the fee charge and the bill could have a sunset date in two years. He said the program had been abused but it was an important program and he hoped the committee would find a solution to the funding needs.

Rep. Giacometto stated Rep. Grinde's testimony emphasizes why the bill should not pass. He said this should be handled in the Appropriations Committee, not taxation. He stated it is a good program and it should continue but it has the proper funding already in place that has been raising more money than needed.

Rep. Driscoll asked Rep. Grinde how much was the shortage in the program. Rep. Grinde replied over \$100,000.00.

Rep. Gilbert stated he had put the \$.75 cents increase in the bill because he thought \$.85 and \$1.10. He said he had worked with Rep. Grinde on the bill and he supplied the information which the Appropriations Committee did not have. He said the program needs to go on because it cleans up the countryside. Rep. Gilbert stated the private contractors pick up only the vehicles that have resale value for them, otherwise they will not do this. He said he supported the bill with the increase.

Rep. Rehberg stated he agreed with Rep. Giacometto since he saw no reason to raise the fees.

Rep. Cohen proposed an amendment to change the effective date from July 1, 1989 to July 1, 1991 and add an appropriations section in the bill for the general fund in the amount of \$500,000.00.

Rep. Giacometto stated he did not support the amendment because this is not the function of the Taxation Committee. He said this is a complete change from proper taxation policy.

Rep. Driscoll moved to separate the amendments.

Rep. Grinde, at this point, said he had another meeting and must leave but wanted to know if there were any other questions for him. Rep. Ellison asked Rep. Grinde if the fee is raised to \$.75, how long before the fund would be solvent again. Rep. Grinde answered a one year period.

Rep. Driscoll stated he opposed the late effective date in Rep. Cohen's amendment.

Rep. Ream stated he opposed the amendments. He said the appropriations come from taxes. He stated the fund was set up

specifically for the junk vehicle program and it is directly related to motor vehicles. He said the fee is appropriate and it is also appropriate for the Taxation Committee to increase the revenue if necessary.

The effective date amendment FAILED by a 17 to 1 voice vote.

The appropriations amendment FAILED by a 15 to 3 voice vote with Reps. Driscoll, Giacometto and Cohen voting yes.

Rep. Ellison proposed an amendment to terminate the \$.75 fee on July 1, 1990 and return the fee to \$.50 at that time.

Rep. Ream stated the fund was solvent now but if the practice of giving funds to the counties that do not have sufficient vehicles is continued, the fund will not remain solvent. He referred to Vic Anderson from the Hazardous Waste Bureau for a reply. Mr. Anderson submitted a handout regarding projections on the program. (Exhibit 9). He said the fund is solvent now, but he did not think returning the fee to \$.50 would continue the solvency.

The amendment PASSED by a 10 to 8 voice vote with Reps. Ream, Driscoll, O'Keefe, Stang, Harrington, Elliott, Schye, and Patterson voting no.


Rep. Giacometto made the motion to TABLE. The motion FAILED by a 12 - 4 roll call vote.

Rep. Driscoll made the motion to DO NOT PASS AS AMENDED. The motion FAILED by a 10 to 8 roll call vote.

Rep. Gilbert moved to reverse the vote. The committee concurred.

ADJOURNMENT

Adjournment At: 12:20 p.m.

  
REP. DAN HARRINGTON, Chairman

DH/lj

5615.min

## DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date March 10, 1989


NAME	PRESENT	ABSENT	EXCUSED
Harrington, Dan, Chairman	✓		
Ream, Bob, Vice Chairman	✓		
Cohen, Ben	✓		
Driscoll, Jerry	✓		
Elliott, Jim	✓		
Koehnke, Francis	✓		
O'Keefe, Mark	✓		
Raney, Bob	✓		
Schye, Ted	✓		
Stang, Barry	✓		
Ellison, Orval	✓		
Giacometto, Leo	✓		
Gilbert, Bob	✓		
Good, Susan	✓		
Hanson, Marian	✓		
Hoffman, Robert	✓		
Patterson, John	✓		
Rehberg, Dennis	✓		

STANDING COMMITTEE REPORT

March 10, 1989

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that SENATE BILL 65 (third reading copy -- blue) be concurred in as amended .

Signed:   
Dan Harrington, Chairman

[REP.  WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Title, line 13.

Strike: "AND"

Insert: ", "

Following: "APPLICABILITY DATE"

Insert: ", AND A DELAYED APPLICABILITY DATE"

2. Page 2, line 10.

Following: "~~capped~~"

Insert: "interpreted to mean that the actual tax liability for an individual property is capped"

3. Page 2, line 14.

Following: "~~unit.~~"

Insert: "In tax years thereafter, the property must be taxed in each taxing unit at the 1986 cap or the product of the taxable value and mills levied, whichever is less for each taxing unit."

4. Page 3, line 6.

Following: "OR"

Insert: "a"

5. Page 3, line 7.

Strike: "STUDIES"

Insert: "study"

6. Page 3, line 14.

Following: "(a)"

Insert: "a revaluation caused by: (i)"

7. Page 3, line 15.

Following: ";

Insert: "or

(ii) cyclical reappraisal or a sales assessment ratio study;"

8. Page 5, line 24.

Strike: "(g)"

Strike: "street lighting assessments;"

Renumber: subsequent subsection

9. Page 7, line 16.

Following: "applicability"

Insert: "-- delayed applicability"

10. Page 7, line 17.

Following: "applies"

Insert: ": (1)"

11. Page 7, line 18.

Following: "1988"

Insert: ", for the revisions made to [section 1(1)]; and  
(2) to taxable years beginning after December 31,  
1989, for the revisions made to [section 1(3)(h) and  
(4)(a)]"

STANDING COMMITTEE REPORT

March 10, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that HOUSE BILL 111 (first reading copy -- white) do pass as amended .

Signed: [Signature]  
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 7.

Strike: "\$1.10"

Insert: "75 CENTS"

2. Title, line 8.

Following: "DATE"

Insert: ", AN APPLICABILITY DATE, AND A TERMINATION DATE"

3. Page 1, line 18.

Strike: "\$1.10"

Insert: "75 cents"

4. Page 2, line 7.

Following: "date"

Insert: "-- applicability"

Following: "."

Insert: "(1)"

5. Page 2, line 8.

Following: "."

Insert: "(2) [This act] applies to vehicles that must be registered or reregistered at any time during the period beginning July 1, 1989, through June 30, 1990.

NEW SECTION. Section 3. Termination. [This act] terminates July 1, 1990."



EXHIBIT 1

DATE 3/10/89

SB SB 226  
Sen. Matt Hemsl

RENTAL RETURNS ON CABIN SITES  
ON STATE LANDS

The Forestry Division - Department of State Lands is charged with the responsibility of administering the cabin sites. They are usually located in mountainous terrain in areas considered to be forest-type, on or with access to a lake or a stream and with certain other amenities such as seclusion, remoteness, scenic viewing and wildlife proximity.

According to the Forestry Division, 633 cabin sites have been identified on state lands. Almost all of these sites are in areas west of the Continental Divide, although a few (less than a dozen) are in the Bozeman area.

All of the identified state land cabin sites were under lease under the old law.

The 1983 Legislature passed HB 391 which instructed the Board of Land Commissioners to change the method of valuing cabin site licenses and leases after October 1, 1983 to:

(a) each cabin site license or lease in effect on October 1, 1983, for each licensee or lessee who at any times wishes to continue or assign his license or lease, which method must be 5% of the appraisal of the license or lease value of the property...

The problem surfaced when the department began to implement the 1983 law in 1987 and began issuing notices that the rental fees would be 5% of the appraised value of the land, interpreting lease value to be market value. That judgment shot the leases which had been \$150 a year up to \$2,300 a year, in some cases. A storm of protests from the lessees got the department to reconsider and the

EXHIBIT 1  
DATE 3/10/89  
SB 226  
*Sen. Matt Hemel*

Board determined that the "lease value" would be 70% of the appraised market value, then applied the 5%. The method still drove the leases sky high and brought into play the appraisal values which the lessees protested. The department appraisers then re-visited the sites and began making adjustments, some of the re-appraisals dropped as much as \$10,000. There seems to have been no standard judgment.

As an example a lease, which about five years ago was \$50, went up to \$150 and then went up to \$2,300, then dropped \$910 a year. This explains why people are upset.

Senate Bill 226 would be a simple and uniform procedure: The County appraiser, who already goes on the property to appraise the improvements, would appraise the land, just as he does the neighbor. Since the lessee does not have the rights of the fee-simple landowner, and since the state reserves a "public corridor" on the beach, the lessee does not have a private beach and adjustments in value would be made accordingly.

Then if the rental fee would be 2% of the appraised value, the lessee would be paying about twice what his neighbor pays in taxes to support local government. However, in this case of state lands, the money would go to the state elementary and secondary school funds.

If the lessee didn't like the appraisal value, he would have the same appeal structure as any other landowner and the system would be uniform.

EXHIBIT 1  
DATE 3/10/89  
SB 226  
*Sen. Matt Henn*

We don't have good figures on the appraisal value of the sites, but it is certain that the provisions of SB 226 will generate more money for schools and will have the lessee paying something comparable to what his neighbor is paying in taxes for local government.

This bill would remove a problem for the land board, allow for a reduction of appraiser staff, eliminate a duplication of appraisals, generate more money for the schools, and establish a fair cost relationship with neighbors of cabin sites.

The constitutional requirement would be met by having the revenue generated from the appraised or market value of the sites determined by the county appraiser.

EXHIBIT 2DATE 3/10/89SB 226*Sen. Matt Hemmle*DEPARTMENT OF STATE LANDS  
FIELD OPERATIONS DIVISION

TED SCHWINDEN, GOVERNOR

## STATE OF MONTANA

Central Land Office: Helena, MT (406) 444-3633  
Eastern Land Office: Miles City, MT (406) 232-2034  
Northeastern Land Office: Lewistown, MT (406) 538-5989Northwestern Land Office: Kalispell, MT (406) 755-6575  
Southern Land Office: Billings, MT (406) 259-3264  
Southwestern Land Office: Missoula, MT (406) 728-4300P. O. Box 490  
Kalispell, Montana 59901

December 13, 1988

Further information as requested on state leases at Echo Lake Summer Home Lots, located in Section 5, T27N, R19W. There have been some additional adjustments since the last report dated November 14, 1988.

LEASEHOLDER	LOT NO.	1987 RATE	1988 APPRAISED LAND VALUE	ADJUSTED LAND VALUE	ADJUSTED LEASE VALUE	ADJUSTED 1988 RENT
Martens, W.L.	7	\$150.00	\$24,000	-	<i>16,800</i>	<i>840-</i>
Barnes, B.	11	150.00	26,000	\$25,000	\$17,500	\$875.00
Crohn, L.	18	150.00	28,000	-	<i>19,600</i>	<i>980-</i>
Collier, G.	21	150.00	29,500	-	<i>20,650</i>	1030.00
Barnum, I.	40	150.00	28,000	26,000	<i>18,200 x 5%</i>	910.00

The adjustments as shown above were the result of findings of hearings officer and upheld by Commissioner Dennis Hemmer.

	County Appraisal (fee simple)	Deduct for corridor (net)	<i>1 1/2 %</i>	Rental	<i>2 %</i>
Martin # 7 (Neighbor)	\$31920	21920	.015	\$328.80	<i>433.40</i>
		21920	.285 mills	241.14)	
Barnes # 11 (Neighbor)	27520	17520	.015	262.80	<i>350.40</i>
		17520	.285 mills	192.73)	
Crohn # 18 (Neighbor)	NA	(state app) 28000	.015	420.00	<i>528</i>
		28000	.285 mills	308.02)	
Collier # 40 (Neighbor)	36300	26300	.015	394.50	<i>526.</i>
		26300	.285 mills	289.32)	
Barnum # 40 (Neighbor)	34475	24475	.015	367.12	<i>489.50</i>
		24475	.285	269.24)	

EXHIBIT

3

DATE

3/10/89

SB

226

Sen. Scott Hume

1. We are state land leaseholders.
2. I urge you to pass Senate Bill #226
3. A county appraiser familiar with the land values in immediate areas would give us a fair market value of the lease land.
3. Applying a 2 percent times fair market value would accomplish a four (4) fold increase for the state trust fund and at the same time give the leaseholders a figure the majority of us could meet.
4. An appeals process would assure lessees and the state a fair market value, comparable to private land.
5. Many of lessees are on fixed incomes and would be unable to meet an approximate 17 fold increase as was applied by the Department of State Lands in compliance with the 1983 law 771-208.
6. Even after a tormenting appeals process by some lessees last year the fee charged was still prohibitive. The appeals process was very costly for leaseholders and surely much time, effort and monies had to be spent by the Department of State Lands also.
7. In turning the appraisals over to the various county assessors offices a more equitable assessment would be reached.
8. Many of us have written to the newly elected officials in State government, who are members of the State Land Board, in this regard. Responses have suggested they trust the legislature will provide them with a fair and effective law that can be implemented to the satisfaction of both the lessees and the State Trust Fund.

Headstrom

EXHIBIT 4  
DATE 3/10/89  
BB 226  
*Sen. Monte Himes*

Testimony of John F. North on SB 226  
Department of State Lands  
House Taxation Committee  
March 10, 1989

As you know, upon admission of Montana to the Union, the federal government granted to Montana sections 16 and 36 of every township to be held in trust for the support of the schools of the state. By accepting statehood, the citizens of Montana covenanted with the United States to hold these lands in trust for the schools.

In managing these lands, both the Board of Land Commissioners and the Montana Legislature must therefore act as trustee and manage these lands for the beneficiary, the schools of the state. The Board and the Legislature must exercise the same responsibilities to the beneficiaries of the school trust as the trustee of a private trust must exercise to a private beneficiary. In other words, they have a irrevocable duty to manage the trust lands for the exclusive benefit of the beneficiaries.

The paramount responsibilities of the trustee are to preserve the body of the trust from waste and to insure that no trust asset is disposed of at less than full market value. The requirement that the State obtain fair market value for the disposition of any interest in state lands arises from two fundamental sources.

The first source is the Enabling Act of 1889, the terms of which Montana accepted in exchange for the establishment of its statehood within the United States. Section 10 of the act (25 Stat. 676) granted sections 16 and 36 of every township to the state for the support of the common schools further provides:

[N]one of such lands, nor any estate or interest therein, shall ever be disposed of except in pursuance of general laws providing for such disposition, nor unless the full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, has been paid or safely secured to the state. [Emphasis added.]

The second fundamental source is the Montana Constitution which, in furtherance of this compact with the federal government, provides in Article X, section 11:

No such land [referring to lands granted by Congress] or any estate or interest therein shall ever be disposed of except in pursuance of general laws providing for such disposition, or until the full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, has been paid or safely secured to the state. [Emphasis added.]

As with a private trustee, the trust duty of the Legislature is reviewable by the courts. The Montana Supreme Court in 1957 reviewed the decision of the Legislature to set the royalty for state oil leases at 12½% and upheld it as consistent with the Legislature's trust responsibility. Strandberg v. State

EXHIBIT 4  
DATE 3/10/89  
HB 226  
Sen. Shatt Hum

Board of Land Commissioners, 131 Mont. 58, 307 P.2d 234 (1957). In that case, the Court determined that 12½% was the standard royalty charged by private landowners and the federal government. Even so, two justices dissented, stating that no limit would be constitutional.

A limitation on rental rates similar to that contained in SB 226 has been struck down as unconstitutional. In 1982, the Oklahoma Supreme Court reviewed two statutes. One limited the rental rate on certain agricultural trust lands to 3% of the lands fair market value. The second limited rent to between 2 and 4% of the land's market value. Those who defended the statutes in court argued that the agricultural industry should not, for economic reasons, be forced to pay more for trust lands. The Oklahoma Supreme Court declared the limitations unconstitutional stating:

"No Act of the Legislature can validly alter, modify or diminish the State's duty as Trustee of the school land trust to administer it in a manner most beneficial to the trust estate and in a manner which obtains the maximum benefit in return from the use of trust property or loan of trust funds.

"Petitioners allege that the below-market statutorily set interest and rents, the uneconomical re-leasing rights, inure only to the benefit of farmers and ranchers. Petitioners urge that the income ceilings and re-leasing rights serve only one purpose, that of subsidizing farming and ranching operations. We agree with this contention. Just as a State may not use school land trust funds assets to subsidize its highway construction program, a State may not use school land trust assets to subsidize farming and ranching. The use of trust fund assets for the purpose of subsidizing farmers and ranchers is contrary to the provisions of the Oklahoma Constitution and to the provisions of the Oklahoma Enabling Act.

"Said statutes interfere with the duty of the State as trustee to maximize the return to the trust estate." Oklahoma Education Assn. v. Nigh, 642 P.2d 230, 236 (1982).

Thus, in setting the rental rate on cabinsites, the Legislature must consider only what is best for the beneficiaries of the trust. It may not place on the state's rental rate a limit that provides less than full market value for the lease, no matter how laudable its reasons. To do so would violate the Legislature's irrevocable responsibility and invite costly litigation.

Several major lessors of recreational cabinsites obtain 5% to 8% of the market value of their property. It is therefore questionable whether SB 226, which reduces the maximum rental rate on state cabinsites from 3.5% to 2%, is consistent with the state's trust responsibility and whether it could withstand a constitutional challenge.

SENATE BILL #184  
March 10, 1989

EXHIBIT 5  
DATE 3/10/89  
BB 184  
*Sen. E. Jensen*

Mr. Chairman and Members of the Taxation Committee:

I am George Vogt from Sula, Montana, where members of my family have been in the cattle business for over one hundred years.

I urge you to pass Senate Bill #184 to remove the discriminatory tax on livestock and stored agricultural products, and also to avoid increasing the tax refunds should the court decision as handed down by Judge McKittrick<sup>4</sup> be upheld. Until then, the local and state governments should no longer be frustrated by the uncertainty of the status of the law.

Livestock growers will not be relieved entirely of the tax payments on stock as a fee is charged per head as a replacement funding for the 80 mill tax previously levied to support the Livestock and Sanitary Boards. (80 mills is 13 times as much tax as we all pay on property to support the University System in Montana.) Other industries in Montana receive their support from the General Fund.

Since agriculture is still the number one industry in Montana, it is deserving of the same consideration as that of other industries which have been relieved of the inventory tax.

In all fairness, please support House Bill #184.

THANK YOU!



## MACo Analysis - Revenue Losses on SB 184

EXHIBIT 6DATE 3/10/89

COUNTY	POPULATION	FY 1989 TAXABLE VALUE	CLASS 6: LIVESTOCK	LIVESTOCK OF TAX VAL	ESTIMATED TAX LOSS
BEAVERHEAD	8,400	14,749,490	1,320,495	8.95%	303,965
BIG HORN	11,000	105,390,956	830,539	0.79%	191,187
BLAINE	6,900	30,672,876	657,237	2.14%	151,287
BROADWATER	3,700	11,105,540	224,879	2.02%	51,765
CARBON	8,300	25,377,819	373,828	1.47%	86,054
CARTER	1,700	5,091,002	599,265	11.77%	137,947
CASCADE	78,100	90,299,276	603,745	0.67%	138,976
CHOUTEAU	5,800	25,976,314	425,700	1.64%	97,992
CUSTER	12,700	14,940,185	503,167	3.37%	115,827
DANIELS	2,600	6,608,870	142,674	2.16%	32,847
DAWSON	10,500	22,395,861	351,397	1.57%	80,888
DEER LODGE	10,000	8,680,098	90,335	1.04%	20,797
FALLON	3,500	70,173,645	380,664	0.54%	87,627
FERGUS	12,300	20,090,323	951,760	4.74%	219,086
FLATHEAD	58,200	87,094,797	229,761	0.26%	52,882
GALLATIN	48,700	65,718,541	582,518	0.89%	134,097
GARFIELD	1,600	6,568,235	576,745	8.78%	132,761
GLACIER	11,200	33,222,585	194,217	0.58%	44,707
GOLDEN VALLEY	1,100	4,858,939	223,959	4.61%	51,557
GRANITE	2,700	6,946,624	296,401	4.27%	68,227
HILL	17,800	37,934,516	257,558	0.68%	59,287
JEFFERSON	8,300	20,422,174	246,035	1.20%	56,637
JUDITH BASIN	2,500	8,324,801	510,022	6.13%	117,407
LAKE	21,000	30,486,165	485,797	1.59%	111,826
LEWIS & CLARK	46,800	66,449,765	361,210	0.54%	83,147
LIBERTY	2,300	13,884,574	127,575	0.92%	29,367
LINCOLN	19,000	31,276,353	76,274	0.24%	17,557
MADISON	5,700	16,921,768	945,253	5.59%	217,588
MCCONE	2,500	8,544,826	319,901	3.74%	73,637
MEAGHER	2,100	7,973,271	513,356	6.44%	118,167
MINERAL	3,500	7,747,312	17,702	0.23%	4,075
MISSOULA	78,400	115,102,670	186,821	0.16%	43,004
MUSSELSHELL	4,500	14,120,947	267,744	1.90%	61,637
PARK	12,300	20,165,026	508,409	2.52%	117,031
PETROLEUM	600	3,009,713	258,561	8.59%	59,518
PHILLIPS	5,400	32,839,782	676,882	2.06%	155,817
PONDERA	6,600	17,984,009	230,316	1.28%	53,016
POWDER RIVER	2,300	17,374,039	642,247	3.70%	147,839
POWELL	6,900	11,106,993	435,630	3.92%	100,276
PRAIRIE	1,600	4,329,250	285,193	6.59%	65,647
RAVALLI	25,200	28,202,800	437,737	1.55%	100,763
RICHLAND	12,100	66,414,381	337,793	0.51%	77,757
ROOSEVELT	11,200	44,533,497	190,225	0.43%	43,787
ROSEBUD	12,300	214,531,911	570,001	0.27%	131,209
SANDERS	8,800	29,643,620	231,677	0.78%	53,330
SHERIDAN	5,300	38,804,161	188,657	0.49%	43,427
SILVER BOW	33,700	39,001,392	68,209	0.17%	15,701
STILLWATER	6,200	17,961,502	402,065	2.24%	92,551
SWEET GRASS	3,100	7,028,250	450,998	6.42%	103,817
TETON	6,100	16,032,023	434,301	2.71%	99,977
TOOLE	5,200	30,322,600	172,671	0.57%	39,747
TREASURE	1,000	4,414,485	200,956	4.55%	46,258
VALLEY	8,600	29,745,471	605,743	2.04%	139,436
WHEATLAND	2,200	7,118,280	308,885	4.34%	71,102
WIBAUX	1,300	16,700,971	168,952	1.01%	38,891
YELLOWSTONE	118,100	210,534,522	521,282	0.25%	119,994



## MONTANA SCHOOL BOARDS ASSOCIATION

One South Montana Ave.

Helena, Montana 59601

Telephone: 406/442-2180

Robert L. Anderson, Executive Director

### OFFICERS:

#### PRESIDENT

Storrs Bishop  
P.O. Box 667  
Ennis, MT 59729

#### VICE PRESIDENT

Mignon Waterman  
530 Hazelgreen Place  
Helena, MT 59601

#### IMMEDIATE

##### PAST PRESIDENT

Don Hamilton  
P.O. Box 2269  
Great Falls, MT 59403

#### DISTRICT DIRECTORS:

1 MARION HOLDEN  
Box 298  
Martin City, MT 59926

2 LINDA VAUGHEY  
1616 Juniper Dr.  
Havre, MT 59501

3 SALLY LISTERUD  
Box 937  
Wolf Point, MT 59201

4 MARGARET BASTA  
R. 2, Box 68  
Lindsay, MT 59339

5 PAULA BOHN  
Box 87  
Winnett, MT 59087

6 PENNY JOHNSON  
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Missoula, MT 59802

7 STORRS BISHOP  
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Ennis, MT 59729

8 GARY GRIFFITH  
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Bozeman, MT 59715

9 GARY FORRESTER  
2527 Gardiner, Rt. 8  
Billings, MT 59101

10 GARY WADE  
Box 301  
Baker, MT 59313

#### MUNICIPAL DIRECTORS:

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512 N. 29th Street  
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MIGNON WATERMAN  
530 Hazelgreen Place  
Helena, MT 59601

##### MISSOULA

DON HJELMSETH  
3220 Queen  
Missoula, MT 59801

To: House Taxation Committee

From: MSBA

Re: SB 184

Date: March 10, 1989

EXHIBIT 7

DATE 3/10/89

SB 184

*Sen. E. S. Sisson*

Chairman Harrington, members of the Committee:

MSBA would like to go on record in opposition to SB 184. We were unable to attend the hearing because of scheduling conflicts.

The bill does not replace the revenue lost to schools across the state, especially our rural schools. The financial problems over the last three years, I-105 and virtually no increase in the Foundation program, do not allow schools to absorb an additional loss.

The district court decision declaring the cattle tax unconstitutional is on appeal to the Supreme Court. There is no guarantee it will be upheld. There is no need to rush in and reduce the tax base in advance of the Supreme Court decision.



*The Big Sky Country*

EXHIBIT 8  
DATE 3/10/89  
HB 475  
*Rep. Ben Cohen*

MONTANA HOUSE OF REPRESENTATIVES

HB 475

Property Tax Reclassification  
Homestead relief  
Personal Property tax relief

*Rep Ben Cohen*  
*3-10-89*  
*House Taxation*

## STATEWIDE

1988 PROPERTY CLASSES	QUANTITY	1987 MARKET	TAXABLE	QUANTITY	1988 MARKET	TAXABLE
CLASS 1						
Net Proceeds		251,906,343	251,906,343		279,816,735	279,816,735
CLASS 2						
Gross Proceeds		395,105,815	131,365,358		535,393,305	130,497,841
CLASS 3						
Agricultural Land: (30%)						
Irrigated	1,465,390	45,972,593	13,793,300	1,463,388	45,914,284	13,774,339
Non-Irrigated	12,255,980	278,071,937	83,423,801	12,252,219	277,980,536	83,394,245
Grazing	36,136,582	128,080,675	38,431,920	36,082,326	127,914,881	38,374,487
Wild Hay	1,071,127	18,457,233	5,538,068	1,080,010	18,455,647	5,536,827
CLASS 4						
Land and Improvements:						
Residential (3.86%)		10,192,177,068	393,427,586		9,977,316,046	385,124,446
(0% - 3.474%)		229,783,781	5,333,003		224,747,542	5,088,305
Commercial (3.86%)		4,444,972,873	171,575,839		4,364,874,344	168,484,158
Industrial (3.86%)		692,989,086	26,749,804		661,648,194	25,539,641
New Manufacturing (1.93% - 3.474%)		2,852,523	55,054		3,257,270	67,325
Golf Courses (1.93%)		31,996,292	630,219		33,209,465	640,945
Water Works (3.86%)		-	-		-	-
Remodeled (0.772% - 3.86%)		7,886,651	233,756		3,271,813	70,004
Improvements on Disparately Owned						
Ag. or Timber Land (3.86%)		20,358,683	785,832		19,926,441	769,151
CLASS 5						
Rural Electric & Telephone Co-op (3%)		324,733,212	9,742,121		321,230,581	9,636,946
New Industrial Property (3%)		75,815,454	2,280,030		110,693,623	3,320,809
Pollution Control and Gasohol (3%)		433,572,205	13,050,418		470,012,471	14,100,375
Research and Development (0% - 3%)		-	-		1,207,967	36,239
CLASS 6						
Livestock (4%)		556,744,258	22,266,816		550,042,679	22,001,578
Agricultural Products (4%)		88,728,453	3,549,190		-	-
Leased and Rental Property (4%)		4,406,617	176,266		5,008,614	200,346
CLASS 7						
Tools, Implements and Machinery (8%)		55,118,577	4,407,096		54,703,020	4,376,231
Independent Telephone (8%)		9,424,581	753,967		8,667,734	693,420
CLASS 8						
Farm Machinery (11%)		528,565,945	58,142,430		502,316,395	55,254,775
Mining & Manufacturing Machinery (11%)		843,695,953	92,806,421		796,137,691	87,575,185
Trucks and Trailers (16%:11%)		89,425,659	14,307,052		69,262,987	7,805,008
Aircraft (11%)		34,390,406	3,783,131		-	-
Other Property (11%)		332,394,305	36,568,191		346,136,795	38,075,331
CLASS 9						
Buses and Trucks (13%)		32,106,286	4,172,268		30,375,995	3,948,921
Furniture and Fixtures (13%)		317,227,274	41,240,345		317,540,313	41,280,363
Other Property (13%)		1,091,101	141,845		1,419,480	184,541
CLASS 10						
Broadcasting & Theater Equipment (16%)		16,502,433	2,639,977		18,634,153	2,981,460
Other Property (16%)		62,087,552	9,933,989		61,823,031	9,891,690
CLASS 11						
Utilities (12%)		3,310,167,367	397,108,288		3,153,338,528	378,400,611
CLASS 12						
Mobile Homes (3.86%)		401,189,384	15,479,081		394,243,839	15,217,828
(0% - 3.474%)		11,877,426	271,505		12,308,821	274,025
CLASS 13						
Timber Land (3.84%)	3,547,740	168,707,142	6,478,402	3,554,457	168,975,255	6,488,624
CLASS 14						
One Acre Farmsteads (3.088%)		1,824,716,580	56,350,476		1,785,354,680	55,131,693
(0%-2.779%)		8,203,067	164,910		10,930,424	158,486
CLASS 15						
Railroad Property (10.64%:10.97%)		665,896,183	70,851,489		376,586,345	41,311,729
CLASS 16						
Other Property		49,019,442	5,262,856		11,336,826	1,247,115
CLASS 17						
Airline Property (12%)		45,948,497	5,513,820		50,691,943	6,083,033
CLASS 18						
Eligible Mining Claims (30%)		19,840	2,687		29,334	8,805
CLASS 19						
Non-Productive Land Under 20 Ac. (2%)		2,479,601	49,593		4,308,719	86,180
CLASS 20						
Out of Production Ag/Timber (3.86%)		-	-		-	-
TOTAL		27,034,866,353	2,000,744,543		26,207,044,746	1,942,949,796

NOTE: Figures shown are as reported to Department of Revenue by County.

Estimated Change in Taxable Value and Taxes  
Due to Changes in Tax Rates  
By Property Type

EXHIBIT 8  
DATE 3/10/89  
HB 473  
Rep Ben Cohen

Property Type	1988 Tax rate	Proposed Tax rate	1988 Taxable Value	Proposed Taxable Value	Change in Taxable Value	Total 1988 Taxes Levied	Total Proposed Taxes Levied	Change in Taxes Levied
1 Net Proceeds	100.000%	100.000%	279,816,735	279,816,735	0	44,473,369	44,473,369	0
2 Gross Proceeds of Coal Strip Mines	45.000%	45.000%	122,610,046	122,610,046	0	13,498,902	13,498,902	0
2 Gross Proceeds of Metal Mines	3.000%	3.000%	7,887,795	7,887,795	0	2,151,104	2,151,104	0
2 Gross Proceeds of Underground Coal	33.300%	33.300%	0	0	0	0	0	0
Class 2 Totals			130,497,841	130,497,841	0	15,650,005	15,650,005	0
3 Eligible Mining Claims	30.000%	30.000%	8,805	8,805	0	4,650	4,650	0
3 Grazing Land	30.000%	30.000%	38,374,487	38,374,487	0	8,684,347	8,684,347	0
3 Tillable Irrigated	30.000%	30.000%	13,774,339	13,774,339	0	3,269,517	3,269,517	0
3 Tillable Non-Irrigated	30.000%	30.000%	83,394,245	83,394,245	0	19,237,154	19,237,154	0
3 Wild Hay	30.000%	30.000%	5,536,827	5,536,827	0	1,341,917	1,341,917	0
Class 3 Totals			141,088,703	141,088,703	0	32,537,585	32,537,585	0
4 City/town Lots Commercial	3.860%	3.860%	35,613,176	35,613,176	0	13,474,863	13,474,863	0
4 City/town Lots Residential	3.860%	3.860%	54,481,389	54,481,389	0	20,294,644	20,294,644	0
4 Class 20 Out of Production Land	3.860%	3.860%	0	0	0	0	0	0
4 Class 20 Out of Production Land	3.860%	3.860%	0	0	0	0	0	0
4 Exempt Improvements	0.000%	0.000%	0	0	0	0	0	0
4 Exempt Land	0.000%	0.000%	0	0	0	0	0	0
4 Farmstead 1 Acre	3.088%	3.088%	3,857,875	3,857,875	0	1,005,724	1,005,724	0
4 Farmstead 1 Acre - Low Income	1.902%	1.902%	32,401	32,401	0	8,265	8,265	0
4 Improved Existing Improvements	2.140%	2.140%	70,004	70,004	0	27,605	27,605	0
4 Impr. on Ag and Timber Land	3.088%	3.088%	51,273,818	51,273,818	0	12,357,168	12,357,168	0
4 Impr. on Ag Land - Low Income	1.367%	1.367%	126,085	126,085	0	31,852	31,852	0
4 Impr. on City/Town Lots Commercial	3.860%	3.860%	100,178,185	100,178,185	0	37,998,872	37,998,872	0
4 Impr. on City/Town Lots Residential	3.860%	3.860%	170,680,043	170,680,043	0	63,454,286	63,454,286	0
4 Impr. on Class 20 Out of Production	3.860%	3.860%	0	0	0	0	0	0
4 Impr. on Disparately Owned Ag Land	3.860%	3.860%	765,041	765,041	0	173,631	173,631	0
4 Impr. on Hydraulic Power Works	3.860%	3.860%	0	0	0	0	0	0
4 Impr. on Industrial Sites	3.860%	3.860%	22,778,451	22,778,451	0	6,454,790	6,454,790	0
4 Impr. on Qualified Golf Courses	1.930%	1.930%	441,140	441,140	0	135,395	135,395	0
4 Impr. on Right of Way	3.860%	3.860%	811,446	811,446	0	261,690	261,690	0
4 Impr. on Surban Tracts Commercial	3.860%	3.860%	23,302,089	23,302,089	0	6,968,289	6,968,289	0
4 Impr. on Surban Tracts Residential	3.860%	3.860%	103,533,799	103,533,799	0	29,407,279	29,407,279	0
4 Impr. on Tracts and Lots - Low Income	2.258%	2.258%	3,740,799	3,740,799	0	1,295,698	1,295,698	0
4 Industrial Sites	3.860%	3.860%	2,828,515	2,828,515	0	892,263	892,263	0
4 Mobile Homes	3.860%	3.860%	15,217,828	15,217,828	0	4,511,890	4,511,890	0
4 Mobile Homes - Retired and Disabled	2.226%	2.226%	274,025	274,025	0	87,449	87,449	0
4 Nonproductive Land Under 20 Acres	2.000%	2.000%	86,180	86,180	0	23,256	23,256	0
4 Qualified Golf Courses	1.930%	1.930%	199,805	199,805	0	60,832	60,832	0
4 Suburban Tracts Commercial	3.860%	3.860%	8,628,060	8,628,060	0	2,559,211	2,559,211	0
4 Suburban Tracts Residential	3.860%	3.860%	56,384,527	56,384,527	0	15,895,860	15,895,860	0
4 Suburban Tracts - Low Income	2.282%	2.282%	1,347,506	1,347,506	0	461,952	461,952	0
4 Adjustment for 20% Exempt. of 1st \$40,000	3.737%	3.737%	0	(39,637,518)	(39,637,518)	0	(13,149,650)	(13,149,650)
Class 4 Totals			656,652,187	617,014,669	(39,637,518)	217,842,763	204,693,113	(13,149,650)
Air and H2O Pollution Control	3.000%	3.000%	14,099,825	14,099,825	0	2,167,748	2,167,748	0
All Gasohol Related Property	3.000%	3.000%	550	550	0	137	137	0
Impr. on New Industrial Sites	3.000%	3.000%	1,068,977	1,068,977	0	410,337	410,337	0

# Due to Changes in Tax Rates By Property Type

Property Type	1988 Tax rate	Proposed Tax rate	1988 Taxable Value	Proposed Taxable Value	Change in Taxable Value	1988 Total Taxes Levied	Proposed Total Taxes Levied	Change in Taxes Levied
<b>Class 5 Totals</b>			27,096,655	27,096,655	0	5,679,835	5,679,835	(0)
5 Ag Implements	11.000%	10.000%	55,254,775	50,231,614	(5,023,161)	12,657,327	11,506,661	(1,150,666)
5 All Other Property	16.000%	10.000%	168,127	105,079	(63,048)	45,574	28,484	(17,090)
5 Buses	13.000%	10.000%	171,932	132,255	(39,677)	43,606	33,543	(10,063)
5 Cable TV Systems	16.000%	10.000%	1,709,878	1,068,674	(641,204)	591,629	369,768	(221,861)
5 CB's and Mobile Phones	13.000%	10.000%	184,541	141,955	(42,586)	48,834	37,565	(11,269)
5 Coal and Ore Haulers	16.000%	10.000%	3,224,825	2,015,516	(1,209,309)	553,354	345,846	(207,508)
5 Furniture and Fixtures	13.000%	10.000%	41,280,363	31,754,125	(9,526,238)	15,078,153	11,598,579	(3,479,574)
5 Indep. Telephone Companies	8.000%	10.000%	626,129	782,661	156,532	164,240	205,300	41,060
5 Machin. other than Farm, Min., Manuf.	11.000%	10.000%	24,999,646	22,726,951	(2,272,695)	5,495,527	4,995,934	(499,593)
5 Manufacturing Machinery	11.000%	10.000%	72,949,015	66,317,286	(6,631,729)	19,572,062	17,792,784	(1,779,278)
5 Mining Machinery	11.000%	10.000%	1,327,230	1,206,573	(120,657)	348,683	316,985	(31,698)
5 Oil Field Equipment	16.000%	10.000%	19,797,678	17,997,889	(1,799,789)	3,139,380	2,853,982	(285,398)
5 Radio and TV Broadcasting Equip.	11.000%	10.000%	1,159,617	724,761	(434,856)	392,396	245,248	(147,149)
5 Rental Equipment	11.000%	10.000%	1,587,747	1,443,406	(144,341)	553,043	502,766	(50,277)
5 Rental Equipment	8.000%	10.000%	200,346	500,865	300,519	69,891	174,728	104,837
5 Rural Telephone Property	4.000%	10.000%	67,291	84,114	16,823	22,584	28,230	5,646
5 Ski Lifts	11.000%	10.000%	390,981	355,437	(35,544)	109,343	99,402	(9,940)
5 Supplies and Materials	11.000%	10.000%	6,757,722	6,143,384	(614,338)	1,678,547	1,525,952	(152,595)
5 Theatre and Sound Equipment	16.000%	10.000%	111,965	69,978	(41,987)	41,898	26,186	(15,712)
5 Trailers	11.000%	10.000%	4,529,825	4,118,023	(411,802)	1,219,741	1,108,856	(110,886)
5 Trucks 1 to 1 1/2 Tons	13.000%	10.000%	3,776,989	2,905,376	(871,613)	1,048,887	806,836	(242,051)
5 Trucks over 1 1/2 Tons	11.000%	10.000%	7,614,418	6,922,198	(692,220)	2,025,261	1,841,147	(184,115)
<b>Class 6 Totals</b>			247,891,040	217,748,120	(30,142,920)	64,899,962	56,444,782	(8,455,180)
Electric Companies	12.000%	12.000%	143,971,122	143,971,122	0	20,581,347	20,581,347	(0)
Gas and Electric Companies	12.000%	12.000%	128,159,981	128,159,981	0	28,949,909	28,949,909	0
Natural Gas companies	12.000%	12.000%	978,738	978,738	0	205,683	205,683	0
Pipelines	12.000%	12.000%	43,153,714	43,153,714	0	8,908,015	8,908,015	0
Telecomm. Companies	12.000%	12.000%	62,137,056	62,137,056	0	21,098,413	21,098,413	0
<b>Class 7 Totals</b>			378,400,611	378,400,611	0	79,743,367	79,743,367	(0)
Airlines	12.000%	11.884%	6,083,033	6,024,230	(58,803)	1,917,295	1,898,761	(18,534)
Railroads	10.970%	10.862%	41,311,729	40,905,014	(406,715)	10,646,938	10,542,118	(104,819)
<b>Class 8 Totals</b>			47,394,762	46,929,244	(465,518)	12,564,233	12,440,879	(123,353)
Timber Land	3.840%	3.840%	6,488,624	6,488,624	0	1,823,407	1,823,407	0

EXHIBIT 8  
 DATE 3/10/89  
 3 475

Rep. Ben Cohen

Estimated Change in Taxable Value and Taxes  
 Due to Changes in Tax Rates  
 By Property Type

Property Type	1988 Tax rate	Proposed Tax rate	1988 Taxable Value	Proposed Taxable Value	Change in Taxable Value	Total 1988 Taxes Levied	Total Proposed Taxes Levied	Change in Taxes Levied
Cattle	4.000%	4.000%	20,255,833	20,255,833	0	4,662,707	4,662,707	0
Horses	4.000%	4.000%	953,034	953,034	0	233,311	233,311	0
Other Livestock	4.000%	4.000%	57,024	57,024	0	13,745	13,745	0
Sheep	4.000%	4.000%	626,679	626,679	0	137,609	137,609	0
Swine	4.000%	4.000%	109,008	109,008	0	24,696	24,696	0
Class 10 Totals			22,001,578	22,001,578	0	5,072,068	5,072,068	0
Class 1 thru 10 Totals			1,937,328,736	1,867,082,780	(70,245,956)	480,286,595	458,558,412	(21,728,183)

EXHIBIT  
DATE 3/10/89  
475  
Rep. Ben Cohen

Estimated Change in Taxable Value and Taxes  
Due to Changes in Tax Rates  
By Property Type

Property Type	1988 Tax rate	Proposed Tax rate	1988 Taxable Value	Proposed Taxable Value	Change in Taxable Value	1988 Taxes Levied	Total Proposed Taxes Levied	Change in Taxes Levied
1 Autos, Trucks lt 1 Ton	0.000%	0.000%	0	0	0	0	0	0
1 Motorcycles	0.000%	0.000%	0	0	0	0	0	0
1 Off Road Vehicles	16.000%	0.000%	0	0	0	0	0	0
1 Repair Tools	8.000%	0.000%	4,373,945	0	(4,373,945)	1,352,879	0	(1,352,879)
1 Tack Equipment	11.000%	0.000%	305,319	0	(305,319)	76,018	0	(76,018)
1 Watercraft, ATV Back Taxes	11.000%	0.000%	941,796	0	(941,796)	302,770	0	(302,770)
Class 11 Totals			5,621,060	0	(5,621,060)	1,731,668	0	(1,731,668)
Statewide Totals			1,942,949,796	1,867,082,780	(75,867,016)	482,018,262	458,558,412	(23,459,851)
Commercial Property With Railroads With Airlines			1,384,987,232	1,348,757,734				
			1,426,298,961	1,389,662,748				
			1,391,070,265	1,354,781,964				
Tax Rates Railroads Airlines			0.093486	0.091047				
			0.093799	0.091390				



some 20% of first 40,000 MV

Real @ 3.86%, Livestock and Furniture in \*\*\*\*\*

Estimated Change in Taxable Value and Taxes Due to Changes in Tax Rates By County

EXHIBIT 8  
DATE 3/10/89  
HB 475  
Rep. Ben Cohen

COUNTY	Change in Taxable Value	State	County	Local Schools	Cities and Towns	Total
Beaverhead	(729,524)	(37,206)	(57,961)	(100,340)	(22,142)	(217,648)
Big Horn	(2,023,830)	(103,215)	(81,378)	(61,435)	(19,479)	(265,507)
Blaine	(467,327)	(23,834)	(25,889)	(35,431)	(18,723)	(103,876)
Broadwater	(424,044)	(21,626)	(25,650)	(36,309)	(8,789)	(92,374)
Carbon	(855,462)	(43,629)	(49,061)	(81,843)	(28,419)	(202,952)
Carter	(173,521)	(8,850)	(14,923)	(12,974)	(2,438)	(39,184)
Cascade	(5,530,954)	(282,079)	(488,494)	(1,049,974)	(354,596)	(2,175,142)
Chouteau	(861,459)	(43,934)	(70,243)	(99,802)	(17,060)	(231,040)
Custer	(850,694)	(43,385)	(79,948)	(217,559)	(61,211)	(402,103)
Daniels	(328,449)	(16,751)	(34,786)	(61,037)	(9,685)	(122,259)
Dawson	(966,633)	(49,298)	(74,170)	(159,854)	(46,082)	(329,405)
Deer Lodge	(635,080)	(32,389)	(105,030)	(116,948)	(5,186)	(259,553)
Fallon	(618,021)	(31,519)	(10,746)	(22,518)	(11,831)	(76,615)
Fergus	(1,044,727)	(53,281)	(77,780)	(185,507)	(57,003)	(373,572)
Flathead	(5,089,918)	(259,586)	(512,280)	(830,405)	(172,624)	(1,774,895)
Gallatin	(4,046,502)	(206,372)	(276,821)	(624,314)	(210,215)	(1,317,721)
Garfield	(190,595)	(9,720)	(14,161)	(10,002)	(1,403)	(35,287)
Glacier	(778,897)	(39,724)	(49,569)	(85,709)	(28,215)	(203,216)
Golden Valle	(99,689)	(5,084)	(5,505)	(10,344)	(1,147)	(22,081)
Granite	(279,161)	(14,237)	(25,811)	(40,654)	(6,817)	(87,519)
Hill	(1,480,223)	(75,491)	(105,216)	(212,884)	(71,473)	(465,064)
Jefferson	(1,187,564)	(60,566)	(67,074)	(166,028)	(10,748)	(304,415)
Judith Basin	(233,497)	(11,908)	(20,851)	(25,530)	(60,060)	(60,060)
Lake	(1,614,160)	(82,322)	(127,922)	(166,613)	(28,483)	(405,341)
Lewis & Clar	(4,072,616)	(207,703)	(344,014)	(816,541)	(200,072)	(1,568,330)
Liberty	(346,722)	(17,683)	(19,184)	(27,289)	(3,977)	(68,132)
Lincoln	(1,879,568)	(95,858)	(78,998)	(300,108)	(21,300)	(496,264)
Madison	(873,210)	(44,534)	(57,387)	(93,951)	(9,885)	(205,757)
McCone	(347,542)	(17,725)	(35,665)	(35,805)	(4,850)	(94,044)
Meagher	(222,421)	(11,343)	(15,812)	(13,813)	(5,994)	(46,962)
Mineral	(279,082)	(14,233)	(24,247)	(50,250)	(5,568)	(94,298)
Missoula	(7,177,575)	(366,056)	(707,781)	(1,233,693)	(357,521)	(2,665,052)
Musselshell	(407,314)	(20,773)	(22,207)	(17,891)	(9,010)	(69,880)
Park	(1,242,257)	(63,355)	(82,411)	(150,701)	(58,186)	(354,653)
Petroleum	(52,980)	(2,702)	(1,152)	(5,886)	(590)	(10,330)
Phillips	(785,027)	(40,036)	(33,246)	(51,384)	(18,035)	(142,701)
Pondera	(650,613)	(33,181)	(57,656)	(70,533)	(15,686)	(177,096)
Powder River	(326,691)	(16,661)	(11,262)	(17,394)	(3,492)	(48,809)
Powell	(502,362)	(25,620)	(40,716)	(86,228)	(13,919)	(166,484)
Prairie	(152,579)	(7,782)	(16,233)	(12,011)	(3,712)	(39,738)
Ravalli	(1,888,881)	(96,333)	(142,969)	(195,101)	(30,088)	(464,491)
Richland	(1,505,019)	(76,756)	(55,069)	(82,152)	(35,669)	(249,645)
Roosevelt	(789,055)	(40,242)	(34,860)	(64,236)	(20,449)	(159,787)
Rosebud	(1,513,140)	(77,170)	(11,967)	(47,103)	(14,606)	(150,846)
Sanders	(597,815)	(30,489)	(36,527)	(56,273)	(15,588)	(138,876)
Sheridan	(828,209)	(42,239)	(23,886)	(56,163)	(18,955)	(141,242)
Silver Bow	(2,399,219)	(122,360)	(290,545)	(585,700)	(1,048)	(999,653)
Stillwater	(708,827)	(36,150)	(52,680)	(78,649)	(12,475)	(179,954)
Sweet Grass	(335,292)	(17,100)	(29,603)	(44,546)	(10,196)	(101,445)
Teton	(889,955)	(35,188)	(61,551)	(78,929)	(14,978)	(190,646)
Toole	(814,959)	(41,563)	(36,380)	(52,380)	(24,941)	(155,264)
Treasure	(102,887)	(5,247)	(8,179)	(11,065)	(2,528)	(27,021)
Valley	(852,476)	(43,476)	(50,552)	(113,043)	(34,425)	(241,495)
Wheatland	(172,603)	(8,803)	(14,478)	(16,969)	(4,985)	(45,234)
Wibaux	(223,400)	(11,393)	(9,888)	(6,481)	(3,376)	(31,138)
Yellowstone	(12,150,314)	(619,666)	(949,912)	(1,658,814)	(641,177)	(3,869,569)
Total	(75,400,546)	(3,845,428)	(5,758,326)	(10,545,094)	(2,812,818)	(22,961,666)

Replacement #1

8  
EXHIBIT

DATE

3/10/89

## REPORT OF THE STATE DEPARTMENT OF REVENUE

HB

149

Rep. Ben Cohen

## TOTAL AVERAGE TAX AND SPECIAL DISTRICT TAXES - 1988

	Total Average Levy for State County and Schools	Fire Districts (Incl. Forest Fire Protection)	Miscellaneous Districts	Total Taxes Levied for all purposes except Cities & Towns
Beaverhead .....	267.99	\$ 29,906	\$ 250,257	\$ 3,934,731
Big Horn .....	121.57		278,541	13,137,846
Blaine .....	182.21		605,116	5,804,691
Broadwater .....	197.11	34,491	497,051	2,710,105
Carbon .....	204.02	100,113	629,335	5,869,100
Carter .....	211.77	670	80,128	1,175,628
Cascade .....	329.16	131,925	2,249,126	31,799,853
Chouteau .....	248.39	34,198	576,728	7,017,245
Custer .....	400.72	1,355	304,370	6,070,872
Daniels .....	342.75	347	72,238	2,274,514
Dawson .....	293.10	18,672	622,107	6,996,543
Deer Lodge .....	400.53	320,513	103,697	3,884,353
Fallon .....	104.82	54,688	13,749	7,448,890
Fergus .....	303.02	51,353	247,315	6,235,226
Flathead .....	314.79	691,253	2,258,033	29,192,536
Gallatin .....	273.69	335,392	866,377	18,930,330
Garfield .....	177.78		133,862	1,309,178
Glacier .....	224.68	264	150,652	7,606,648
Golden Valley .....	209.99	83	27,710	929,441
Granite .....	289.09	41,702	100,807	2,134,947
Hill .....	265.90	101,207	397,848	10,420,287
Jefferson .....	247.29	113,496	179,225	5,365,051
Judith Basin .....	249.64	21,859	8,980	1,512,596
Lake .....	233.47	239,297	2,088,997	9,377,219
Lewis & Clark .....	335.97	284,943	902,342	17,515,730
Liberty .....	185.16	3,025	79,806	2,662,514
Lincoln .....	252.70	175,890	455,313	8,514,595
Madison .....	224.31	57,908	580,715	4,405,553
McCone .....	256.64	148	176,130	2,342,427
Meagher .....	184.19	11,143	111,068	1,584,767
Mineral .....	317.93	54,939	44,002	2,555,253
Missoula .....	321.49	1,534,297	1,624,963	39,296,325
Musselshell .....	149.44		122,665	2,279,376
Park .....	238.65	77,427	382,065	5,180,144
Petroleum .....	183.85		3,788	563,514
Phillips .....	158.81		375,295	5,578,076
Pondera .....	248.09	44,102	115,733	4,603,458
Powder River .....	138.71	14,010	68,086	2,519,528
Powell .....	303.70	86,181	14,341	2,949,453
Prairie .....	236.11	1,202	305,426	1,308,303
Ravalli .....	229.98	242,208	694,781	7,385,243
Richland .....	142.18	7,030	1,007,608	10,404,694
Roosevelt .....	176.59	3,646	243,901	7,934,004
Rosebud .....	90.04	9,623	861,821	20,570,837
Sanders .....	206.23	202,589	405,992	6,701,781
Sheridan .....	147.65	78,580	43,671	5,836,328
Silver Bow .....	416.22	1,230,085	2,388,944	19,872,776
Stillwater .....	236.28	65,285	186,825	4,443,855
Sweet Grass .....	272.15	2,583	10,244	1,880,158
Teton .....	254.61	871	1,064,251	4,993,019
Toole .....	159.91		72,120	4,897,990
Treasure .....	238.05		52,003	1,088,427
Valley .....	242.91	1,260	476,275	7,632,368
Wheatland .....	233.19	431	47,277	1,696,540
Wibaux .....	124.27	25,347	7,111	2,105,989
Yellowstone .....	265.70	961,280	929,610	51,408,224
TOTAL .....		\$ 7,498,817	\$ 26,596,421	\$ 453,849,079

# REPORT OF THE STATE DEPARTMENT OF REVENUE

EXHIBIT 8

DATE 3/10/89

HB 475 151

*Rep. Ben Cohen*

## TOTAL TAXES LEVIED — 1988

	Cities and Towns Amount Levied	Special Improvement Districts Amount Levied	Total Amount Levied for Cities, Towns and S.I.D.'s	Grand Total of All Taxes for All Purposes
Beaverhead .....	\$ 284,696	\$ 24,836	\$ 309,532	\$ 4,244,263
Big Horn .....	251,972	238,068	490,040	13,627,886
Blaine .....	294,280	376,824	671,104	6,475,795
Broadwater .....	117,755	9,887	127,642	2,837,747
Carbon .....	420,503	118,503	539,006	6,408,106
Carter .....	30,682		30,682	1,206,310
Cascade .....	5,193,129		5,193,129	36,992,982
Chouteau .....	247,977	139,502	387,479	7,404,724
Custer .....	887,611	627,187	1,514,798	7,585,670
Daniels .....	131,091	30,699	161,790	2,436,304
Dawson .....	747,004	436,102	1,183,106	8,179,649
Deer Lodge .....	53,954	284,486	338,440	4,222,793
Fallon .....	191,477	63,391	254,868	7,703,758
Fergus .....	688,194	148,624	836,818	7,072,044
Flathead .....	2,693,442	1,614,815	4,308,257	33,500,793
Gallatin .....	3,420,573	69,615	3,490,188	22,420,518
Garfield .....	16,607	3,207	19,814	1,328,992
Glacier .....	298,095	202,783	500,878	8,107,526
Golden Valley .....	18,208		18,208	947,649
Granite .....	82,527	8,592	91,119	2,226,066
Hill .....	1,084,012	1,013,035	2,097,047	12,517,334
Jefferson .....	133,661		133,661	5,498,712
Judith Basin .....	40,456	3,299	43,755	1,556,351
Lake .....	446,614	203,658	650,272	10,027,491
Lewis & Clark .....	2,932,072	4,119,357	7,051,429	24,567,159
Liberty .....	66,586	83,056	149,642	2,812,156
Lincoln .....	328,088		328,088	8,842,683
Madison .....	141,421	105,844	247,265	4,652,818
McCone .....	97,796	1,469	99,265	2,441,692
Meagher .....	77,730	1,049	78,779	1,663,546
Mineral .....	81,401		81,401	2,636,654
Missoula .....	5,979,225	1,189,040	7,168,265	46,464,590
Musselshell .....	121,439	208,521	329,960	2,609,336
Park .....	949,101	378,419	1,327,520	6,507,664
Petroleum .....	6,439		6,439	569,953
Phillips .....	276,452	376,179	652,631	6,230,707
Pondera .....	315,548	302,295	617,843	5,221,301
Powder River .....	64,590	25,960	90,550	2,610,078
Powell .....	176,615	26,063	202,678	3,152,131
Prairie .....	57,598	17,166	74,764	1,383,067
Ravalli .....	500,977	124,917	625,894	8,011,137
Richland .....	546,770	568,950	1,115,720	11,520,414
Roosevelt .....	295,475	351,248	646,723	8,580,727
Rosebud .....	225,324	177,299	402,623	20,973,460
Sanders .....	375,930	4,798	380,728	7,082,509
Sheridan .....	289,845	75,678	365,523	6,201,851
Silver Bow .....	11,463	870,453	881,916	20,754,692
Stillwater .....	194,862	41,994	236,856	4,680,711
Sweet Grass .....	146,359	1,167	147,526	2,027,684
Teton .....	207,564	197,052	404,616	5,397,635
Toole .....	325,033	47,832	372,865	5,270,855
Treasure .....	27,177	6,743	33,920	1,122,347
Valley .....	540,249	10,961	551,210	8,183,578
Wheatland .....	73,192	1,150	74,342	1,770,882
Wibaux .....	47,830	14,112	61,942	2,167,931
Yellowstone .....	11,317,942	13,339,233	24,657,175	76,065,399
TOTAL .....	\$ 44,572,613	\$ 28,285,118	\$ 72,857,731	\$ 526,706,810

REPORT OF THE STATE DEPARTMENT OF REVENUE

EXHIBIT

DATE

HB

8

3/10/89

475

Rep. Ben Cohen

Summary of Significant Property Tax Changes  
by the 1987 Legislature

Property taxation experienced many changes as a result of 1987 legislation. The most significant changes are summarized as follows.

As a result of an initiative (I-105) and clarifying legislation (SB 71) that provided for a tax freeze, property tax liability on all classes of property is frozen at the 1986 level. Consequently, mill levies of the taxing jurisdictions of the state cannot be increased over 1986 levies, except in exceptional cases. While the legislation does not affect the taxable valuation of the state's taxing jurisdictions, it acts to limit the amount of property tax revenue enjoyed by the districts.

Beginning in tax year 1987, the Department is required to conduct an annual sales assessment study for the purpose of adjusting assessments of real property to reflect changing market conditions. The 1987 adjustments reduced valuations in 26 counties in the state and resulted in a reduction of taxable values of \$19.4 million statewide.

Property taxation for motor vehicles was changed significantly by the 1987 Legislation. The fee in lieu of tax for light vehicles, motorcycles, and recreational vehicles was repealed and a 2 percent property tax levied on the wholesale value was imposed in its place (an additional 0.5 percent tax can be elected by local governments).

Property taxes on motorboats and noncommercial aircraft were repealed (HB 512 and HB 658). Beginning in 1988, these vehicles are subject to a fee in lieu of tax. These laws reduced taxable valuations from 1987 to 1988 by a total of \$8,117,290.

Finally, large trucks and trailers were transferred from class 10 to class 8, reducing the classification factor from 16 percent to 11 percent (SB 44). As a result, the valuation of the state fell by \$4,479,277.

Legislation was passed to expand Montana's property tax incentives. HB 709 revised the local option new industry incentives to include mineral extraction and processing activities in the list of activities eligible for the abatement. All research and development property is classified as class 5 property and faces a 3 percent classification rate, instead of rates ranging from 3.86 to 16 percent.

Finally, certain agricultural property was exempted from tax (SB 340). Unprocessed agricultural products and certain livestock are no longer subject to property taxation beginning in 1988. 1988 taxable values fell by \$9,453,739 as a result.

Although the 1987 Legislature did not specifically address property tax issues of railroads, the value for railroad companies dropped between 1987 and 1988 due to a settlement reached between the railroads and the Department of Revenue. The railroads had appealed both the value of their property in the state of Montana, and the rate of taxation for tax years 1986 through 1988.

The 1987 values for the railroads are the actual values certified to the counties and have not been adjusted to reflect the settlement. The certified 1988 values have been adjusted to reflect the settlement figures. As a result, the taxable value of railroads dropped \$29,539,760 statewide from 1987 to 1988.

EXHIBIT 9  
DATE 3/10/89  
HB 111  
Rep. Ad

	X	Y	Z	AA	AB	AC	
1			FYE BALANCES WITH CHANGES TO REREGISTRATION FEES ONLY				
2							
3		FYE87 Fund Bal.					
4	Fiscal	\$774,488.22					
5	Year	Reg Fees no change	Reg Fees .65	Reg Fees .75	Reg Fees .85	Reg Fees .95	Reg Fees 1.05
6							
7	1988	\$623,876.36	\$623,876.36	\$623,876.36	\$623,876.36	\$623,876.36	\$623,876.36
8	1989	\$505,232.04	\$505,232.04	\$505,232.04	\$505,232.04	\$505,232.04	\$505,232.04
9	1990	\$169,700.62	\$282,604.02	\$357,872.96	\$433,141.90	\$508,410.84	\$583,679.78
10	1991	(\$176,102.40)	\$51,014.09	\$202,425.09	\$353,836.08	\$505,247.08	\$656,658.07
11	1992		(\$195,462.05)	\$32,974.25	\$261,410.55	\$489,846.85	\$718,283.15
12	1993			(\$150,879.27)	\$155,475.83	\$461,830.93	\$768,186.03
13	1994				\$35,632.67	\$420,810.43	\$805,988.18
14	1995				(\$98,528.22)	\$366,386.53	\$831,301.29
15	1996					\$298,150.31	\$843,727.01
16	1997					\$215,682.40	\$842,856.73
17	1998					\$118,552.82	\$828,271.31
18	1999					\$6,320.67	\$799,540.84
19	2000					(\$121,466.09)	\$756,224.36
20	2001						\$697,869.62
21	2002						\$624,012.77
22	2003						\$534,178.10
23	2004						\$427,877.73
24	2005						\$304,611.35
25	2006						\$163,865.89
26	2007						\$5,115.20
27	2008						(\$172,180.23)
28							
29							
30							
31							
32							
33							
34							
35							

## HOUSE TAXATION

BILL NO. SB 226

DATE March 10, 1989

SPONSOR Sen. Matt Hims1

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. SB 184DATE March 10, 1989SPONSOR Sen. Elmer Severson

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>Josephine Vogt</i>	<i>Hamilton, 2nd</i>	<i>X</i>	
<i>George Vogt</i>	<i>'</i>	<i>X</i>	
<i>Ruth Baehner</i>	<i>Lihby</i>		
<i>Mr. Mrs. Bill Hedstrom</i>	<i>Kalispell</i>		
<i>Andrew C. Neal</i>	<i>Bozeman</i>	<i>✓</i>	
<i>Wm. Warner</i>	<i>Fort Benton</i>	<i>✓</i>	
<i>Adrian V. Warner</i>	<i>Fort Benton</i>	<i>✓</i>	
<i>Lorale Mosher</i>	<i>Mt. Cattle Women</i>	<i>✓</i>	
<i>Roland Mosher</i>	<i>Mt. Stockgrowers</i>	<i>✓</i>	
<i>JAMES TUTWILER</i>	<i>MT CHAMBER COMMERCE</i>	<i>✓</i>	
<i>John Salmon</i>	<i>WETA</i>	<i>✓</i>	
<i>Kim Enkened</i>	<i>MT Assn. State Grazing Dist.</i>	<i>✓</i>	
<i>Kay Norenberg</i>	<i>WIFE</i>	<i>✓</i>	
<i>Loan Toole</i>	<i>OPI</i>		<i>✓</i>
<i>Kerry Jack - Ag Coalition</i>		<i>✓</i>	
<i>Tom Hattersley - Mty</i>		<i>✓</i>	
<i>Deanna Burr</i>	<i>MONTAN</i>	<i>✓</i>	
<i>Connie Lord</i>	<i>Philipsburg</i>	<i>✓</i>	
<i>Ethel Berg</i>	<i>Mt Cattle Women</i>	<i>✓</i>	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

(over)

Name	Residence	Support	Oppose	SB 184
Alice M. Grande Bill Brown	Linnep Sand Springs	X X		
Ann Courtney	Alzada	X		
Mrs Teigen	Helewa	X		
Hugh Rice	Harrison	X		
Helen Edelman	Warden	X		
Luki Olson	Malta	X		
Betty Oxarant	Malta	X		
Michelle Olson	Malta	X		
Jason Olson	Malta			
Vaden Morris	MALCO		X	
Reinell Keller	Fichtail	X		
Michael J. Donnelly	Superior	X		
Phil Campbell	MEA		X	



## VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. HB 475DATE March 10, 1989SPONSOR Rep. Ben Cohen

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>Riley Johnson</i>	<i>NFIB</i>	<i>X</i>	
<i>James Burr</i>	<i>MONTAX</i>		<i>✓</i>
<i>CHIP EEDMANN</i>	<i>MT BROADCASTERS ASSOC</i>	<i>X</i> <small>The reduction of class 10 tax rate</small>	
<i>Gordon Morris</i>	<i>MAA.</i>		<i>✓</i>
<i>Phil Campbell</i>	<i>MEA</i>		<i>✓</i>
<i>Charles C. Reed</i>	<i>Mt. Fern Breen</i>	<i>✓</i>	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

# ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 10, 1989 BILL NO. HB 111 NUMBER 1

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry		✓
Elliott, Jim		✓
Ellison, Orval		✓
Giacometto, Leo	✓	
Gilbert, Bob		✓
Good, Susan		
Hanson, Marian	✓	
Hoffman, Robert		✓
Koehnke, Francis		✓
O'Keefe, Mark		✓
Patterson, John		✓
Raney, Bob		
Ream, Bob		
Rehberg, Dennis		✓
Schye, Ted	✓	
Stang, Barry "Spook"		✓
Harrington, Dan, Chairman		✓

TALLY

L. Hanna John  
Secretary

Dan Harrington <sup>4</sup> <sup>12</sup>  
Chairman

MOTION: TO TABLE. MOTION FAILED.

# ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 10, 1989 BILL NO. HB 111 NUMBER 2

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry	✓	
Elliott, Jim	✓	
Ellison, Orval		✓
Giacometto, Leo	✓	
Gilbert, Bob		✓
Good, Susan	✓	
Hanson, Marian	✓	
Hoffman, Robert		✓
Koehnke, Francis		✓
O'Keefe, Mark		✓
Patterson, John	✓	
Raney, Bob		✓
Ream, Bob		✓
Rehberg, Dennis	✓	
Schye, Ted		✓
Stang, Barry "Spook"		✓
Harrington, Dan, Chairman		✓

TALLY

LaHara John  
Secretary

Dan Harrington  
Chairman

MOTION: DO NOT PASS AS AMENDED. MOTION FAILED.

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