

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, Chairman, , on January 11, 1989, at 8:00 a.m.

ROLL CALL

Members Present: Chairman Brown, Vice Chairman Hager, Senator Bishop, Senator Crippen, Senator Eck, Senator Gage, Senator Halligan, Senator Harp, Senator Mazurek, Senator Norman, Senator Walker.

Members Excused: Senator Severson

Members Absent: None

Staff Present: Jeff Martin, Legislative Council
Jill Rohyans, Committee Secretary

Announcements/Discussion: None

HEARING ON SENATE BILL 2

Presentation and Opening Statement by Sponsor: Senator Crippen, District 45, sponsor, opened by saying Senate Bill 2 is an attempt to correct the problem created in Senate Bill 71 of the 1987 session, which amended Initiative 105. The new language clarifies the "previous tax year" by designating the 1986 tax year. The Attorney General's opinion was the "previous tax year" was, in fact, the immediate preceding year, not the 1986 year as was assumed and intended by the legislature.

Senator Crippen said the Department of Revenue feels there is an inconsistency in the language between Section 1, subsection 2, which places some limitations on the amount of taxes that can be levied, and subsection 7, where there is an exception to the language in subsection 2. Senator Crippen said if subsequent drafting prevailed, he felt there was no inconsistency. However, if the committee felt it

should be further clarified, he would not object. Senator Crippen said this is a stop-gap measure and does not address the tax reform problem. It is at best a safety net provision.

List of Testifying Proponents and What Group They Represent:

Gordon Morris, Montana Association of Counties
Eric Feaver, MEA
Bruce Moerer, Montana School Boards Association
Alec Hanson, Montana League of Cities and Towns
Joan Toole, Office of Public Instruction
Richard Miller, Montana State Librarian
Gloria Hermanson, Montana Cultural Advocacy
Deborah Schlesinger, Montana Library Association

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Gordon Morris, Montana Association of Counties, made three observations about the bill. First, he asked for some consideration of the impacts of the department rules implementing HB 436. This could be done by stating sales ratio assessments to be conducted under HB 436 constitute a cyclical reappraisal and, therefore, the effect of that would be included in the exceptions to SB 2.

Second, there is no exception for liability and health insurance costs. These are uncontrollable costs and sacrifices are being made in personnel and services to meet escalating insurance costs.

Third, SB 71 has a sunset of December 31, 1989. He felt it should be extended to a minimum of 1991. If it does sunset, we revert right back to the original I-105.

Eric Feaver, MEA expressed support for the bill, agreeing with Mr. Morris' testimony.

Bruce Moerer, Montana School Boards Association, said schools also have problems caused by declining tax values. He felt the bill is the answer to the problem in SB 71 and urged support of the bill.

Deborah Schlesinger, Montana Library Association, presented her written testimony in support of the bill (Exhibit #1).

Alec Hanson, Montana League of Cities and Towns, expressed support for the bill. He felt there should be a grammatical amendment on page 4, line 17, striking "decreases" and inserting "has decreased" for purposes of clarity.

Joan Toole, Office of Public Instruction, offered support for the bill as I-105 impacts educational funding and this bill provides clarification.

Richard Miller, Montana State Librarian, presented his written testimony in support of the bill (Exhibit #2).

Gloria Hermanson, Montana Cultural Advocacy, presented her written testimony in support of the bill (Exhibit #3)

Questions From Committee Members: Ken Nordtvedt, Director of the Department of Revenue, suggested a technical correction which was the same technical correction made to Senator Jenkins' bill, SB 65, heard January 10, 1989, in the Taxation Committee. Section 1 indicates taxes will not increase on a taxpayer's individual piece of property. However, the language in subsection 7 is not consistent with that provision. The taxpayer, not knowing changes exist in subsection 7, which supersedes the language in subsection 2, may appeal his taxes unnecessarily. He felt it is necessary for clarification that these sections be amended to conform by inserting at the end of line 1, page 2, "except as provided in subsection 7".

Closing by Sponsor: Senator Crippen closed saying he had no objection to Mr. Nordtvedt's suggested amendments or to changing the 1989 sunset provision.

EXECUTIVE ACTION ON SENATE BILL 50

Discussion: Jeff Martin, Legislative Council Researcher, presented amendments he had prepared at the direction of the committee which provided a way for county assessors to make refunds on migratory property. Under subsection (d), the county treasurer will make pro rata transfers from the many entities (school districts,

fire districts, municipalities, etc.) which the property tax was originally paid into on a property basis. Subsection (e) provides a way for the state to refund and for payments made for refunds.

Senator Eck did not have the information from the Department of Revenue from other states as to their handling of refunds. She asked how many counties have computer capability.

Mr. Morris said 41 counties are computerized. He said migratory property moved around in-state is taxed on the basis of the principal place of business. However, there is a lot of tax shopping going on regarding migratory property.

Senator Gage expressed concern that unfair advantage will be given to out-of-state versus in-state people in the migratory property area.

Amendments and Votes: Senator Crippen felt in light of the efforts which will be made to reduce personal property taxes this session, perhaps no action should be taken at this time.

Recommendation and Vote: Senator Eck moved Senate Bill 50 be put on the table. The motion CARRIED unanimously.

ADJOURNMENT

Adjournment at: 9:10 a.m.



SENATOR BOB BROWN, Chairman

BB:jdr

senmin11.sr

ROLL CALL

TAXATION

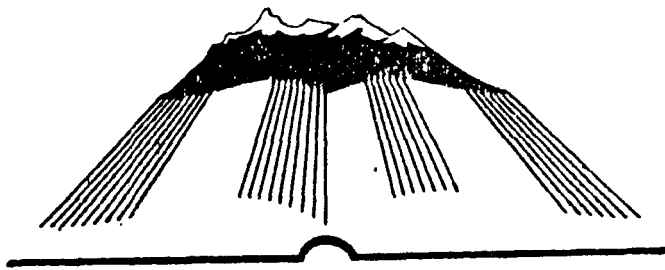
COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1/11/87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	X		
SENATOR BISHOP	X		
SENATOR CRIPPEN	X		
SENATOR ECK	X		
SENATOR GAGE	X		
SENATOR HAGER	X		
SENATOR HALLIGAN	X		
SENATOR HARP	X		
SENATOR MAZUREK	X		
SENATOR NORMAN	X		
SENATOR SEVERSON			X
SENATOR WALKER	X		

Each day attach to minutes.



MONTANA
LIBRARY ASSOCIATION

SENATE TAXATION

EXHIBIT NO. 1

DATE 1/11/89

BILL NO. SB 2

TESTIMONY ON SB02, JANUARY 11, 1989

DEBORAH SCHLESINGER, MONTANA LIBRARY ASSOCIATION

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE. MY NAME IS DEBORAH SCHLESINGER, AND I REPRESENT THE MONTANA LIBRARY ASSOCIATION. I AM SPEAKING IN FAVOR OF SB2. IN A SURVEY LAST YEAR, 37 OF 61 PUBLIC LIBRARIES FACED SUBSTANTAL BUDGET CUTS IN FY87/88 BECAUSE OF THE EFFECTS OF I-105. THESE CUTS AFFECTED STAFF, HOURS, AND COLLECTIONS. MOST LIBRARIES NOW OPERATE TUESDAY THROUGH SATURDAY IN MONTANA. MY LIBRARY, LEWIS AND CLARK IN HELENA, IS CLOSED ON MONDAY AND HAS LOST A PROFESSIONAL POSITION, THE CHILDREN'S LIBRARIAN BECAUSE OF REDUCED REVENUES.

LIBRARIES ARE PART OF LOCAL GOVERNMENT. WHEN LOCAL TAXING AUTHORITIES ARE UNABLE TO MEET THE NEEDS FOR INCREASED REVENUES, LIBRARIES SUFFER. THE MONTANA LIBRARY ASSOCIATION SUPPORTS THIS BILL BECAUSE WE ARE HOPEFUL THAT THIS BILL WILL HELP TO MITIGATE THE EFFECTS OF I-105 ON LIBRARY SERVICES TO THE CITIZANS OF MONTANA.

WITNESS STATEMENT

SENATE CLERK

EXHIBIT NO. 2

DATE 1/11/89

BILL NO. SB 2 DATE: 1/11/89

NAME: Richard Miller

ADDRESS: Montana State Library

PHONE: 444-3115

REPRESENTING WHOM? Montana State Library

APPEARING ON WHICH PROPOSAL: SB 2

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENTS: Mr. Chairman:

My name is Richard Miller. I am the Montana State Librarian. I support the concepts embodied in Senate Bill 2. It is especially important that Montana's public libraries in its towns, cities and counties have a relatively stable local income in order to provide library services to citizens.

Thank you for the opportunity to speak in support of this legislation.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT 5
DATE 1/11/89
BILL NO. SB2

TESTIMONY ON SB 2
to the
SENATE TAXATION COMMITTEE

By
Gloria Hermanson
Montana Cultural Advocacy

Chairman Brown, Members of the Committee --

I am Gloria Hermanson. I reside in Helena and I represent the Montana Cultural Advocacy, a broad cross-section of Montanans who are committed to the development of our state's cultural resources. High on the list of those cultural resources are our libraries. For them, I stand in support of this bill.

Libraries in this state have suffered with the loss of county and city mill levies. Many of them have had to reduce their services to the community at a time when those services are more essential than ever. They've suffered loss of staff and reduced materials. Some have even had to close their doors to the public during what should be normal working hours and days.

The role of the libraries in our larger educational community is vital and needs to be noticed. None of us can afford to be without their services.

Senate Bill 2 would help to ameliorate some of the problems our libraries have suffered because of I105. I urge favorable consideration of this proposed legislation.

Thank you.

4
DATE 1/11/89
BILL NO. SB2

Amendments to Senate Bill No. 50
First Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin
January 10, 1989

1. Page 2.

Following: line 20

Insert: "(d) All refunds must be paid by the county treasurer out of the general fund of the county, and the county treasurer shall then make or initiate, as provided in subsection (e), prorata transfers from other county funds and from state, school district, and other public corporation funds in his possession as may be necessary to reimburse the county general fund for the payment of the refunds.

(e) When a payment has been made to the state treasurer as provided in 15-1-504 and a portion of the money paid should be refunded as provided in subsection (2) (c), the county treasurer shall refund the portion of the taxes paid to the state treasurer, and upon submission of the report required by 15-1-505 the county clerk and recorder shall certify to the state auditor, in the form as the state auditor may prescribe, all amounts refunded. In the next settlement of the county treasurer with the state, the state auditor shall give the county treasurer credit for the state's portion of the amounts refunded."

2. Page 5.

Following: line 6

Insert: "(d) All refunds must be paid by the county treasurer out of the general fund of the county, and the county treasurer shall then make or initiate, as provided in subsection (e), prorata transfers from other county funds and from state, school district, and other public corporation funds in his possession as may be necessary to reimburse the county general fund for the payment of the refunds.

(e) When a payment has been made to the state treasurer as provided in 15-1-504 and a portion of the money paid should be refunded as provided in subsection (2) (c), the county treasurer shall refund the portion of the taxes paid to the state treasurer, and upon submission of the report required by 15-1-505 the county clerk and recorder shall certify to the state auditor, in the form as the state auditor may prescribe, all amounts refunded. In the next settlement of the county treasurer with the state, the state auditor shall give the county treasurer credit for the state's portion of the amounts refunded."

