

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Bob Brown, on January 26, 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 Severson, Senator Walker.

Members Excused: None

Members Absent: None

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

Announcements/Discussion: None

HEARING ON SENATE BILL 206

Presentation and Opening Statement by Sponsor: Senator  
Devlin, District 13, sponsor of the bill, said the bill  
established a minimum property tax payment for property  
taxes due, and provides an applicability date of  
January 1, 1990. The problem arose across the state in  
various townsites where the land is platted, but may  
not even have a building on it. In some instances,  
where this is used for an agricultural rate and millage  
is applied to a lot, the tax may be as low as three or  
four cents. Therefore, the bill established the  
minimum tax of \$2, which would pay for the notice and  
postage.

List of Testifying Proponents and What Group they Represent:

Gordon Morris, Montana Association of Counties  
Ken Nordtvedt, Director, Department of Revenue

List of Testifying Opponents and What Group They Represent:

None

Testimony:

None

Questions From Committee Members: Senator Norman asked what is the amount of tax on agricultural land.

Senator Severson said it is \$10 an acre for irrigated land, 3 to 10 cents an acre on forest land, and variable rates depending on use.

Closing by Sponsor: Senator Devlin closed on Senate Bill 206.

HEARING ON SENATE BILL 190

Presentation and Opening Statement by Sponsor: Senator Stimatz, District 35, sponsor, said the bill changes the confidentiality provision which covers realty transfer certificates. He said everyone who buys real property must fill one out to get their deed. The certificate would be on the public record just as the deed is. He noted assessors do have access to the certificate and although realtors aren't supposed to know what is on the certificate, they all seem to have the information. He noted there is a new section 5, which has an effective date on passage and approval, which he felt was not necessary. There is no fiscal impact.

Senator Stimatz pointed out that Senator Jacobson has a bill in with a reference to the realty transfer certificate. He asked the committee to hold action on his bill until they could look at both of the bills.

List of Testifying Proponents and What Group They Represent:

Ken Nordtvedt, Director, Department of Revenue

List of Testifying Opponents and What Group They Represent:

Dennis Burr, Montana Taxpayers Association  
Tom Hopgood, Montana Association of Realtors  
Don Chance, Montana Building Industry Association

Testimony:

Dennis Burr, Montana Taxpayers Association, said the Realty Transfer Act finally passed in 1975 after attempts to pass it failed in two or three previous sessions. Besides the confidentiality issue, there was a fear the

certificate would be taxed. Part of the frustration now stems from the fact that the Department of Revenue is not publishing sales assessment ratio studies that rate property by type that would allow the taxpayer to determine what the assessment ratio is on the type of property he owns in order to determine if he is under or over assessed. His opposition is that making the information public might end up in repeal of the measure altogether.

Tom Hopgood, Montana Association of Realtors, said he is representing the rights of private property owners. He noted the right to privacy is inherent in this and cannot be violated except for a compelling state interest. He found, while working on a case several years ago, that the sales assessment ratio studies which the Department of Revenue is supposed to compile from the realty transfer certificates do not exist.

Don Chance, Montana Building Industry Association, feels this is principally a privacy matter. A home purchaser has a right to privacy in his transactions. He felt making the information public would be the same as publishing his bank balance. He felt the public knowledge of sale price information could work to the detriment of the seller as well as the buyer. Making the information public could create a real source of friction in the marketplace.

Questions From Committee Members: Senator Crippen asked Mr. Nordtvedt how he would respond to the "compelling state interest" point.

Mr. Nordtvedt said he does find the argument compelling as at the end of the appraisal procedure, the realty transfer certificates are used to make the final determination of value.

Senator Harp questioned Mr. Hopgood regarding the sales assessment ratio studies. He said they aren't using this information.

Senator Eck said she's seen lists and asked where they came from.

Mr. Hopgood said individual realtors do keep records of their own sales which they share between themselves for market analysis.

Closing by Sponsor: Senator Stimatz closed by saying the compelling state interest is the determination of market value. The sale of the property is the final

and ultimate determination of market value. This is the information the public should have. The realtors have it. We should be able to go to the courthouse and get it. He said the bill is simple in what it does, but not simple in its consequences.

#### EXECUTIVE SESSION ON SENATE BILL 7

Discussion: Senator Eck explained several amendments on page 2, line 3 and page 14, line 7. The date is being changed from January 1 to January 15. The Department of Revenue will send a list of the previous year's taxpayers who received credit to the county treasurer. The taxable value of the land the previous year will be included.

The amendment on page 8, lines 2 and 3, strikes the food stamp provision under gross household income. The federal government does not allow food stamps to be used as a means test.

In the amendment of page 14, line 1, following "Claim" insert "except as provided in subsection 2". It allows the first time applicant to sent in receipts, as is currently done.

Cort Harrington said the pin number is critical to identification.

Senator Eck asked Jeff Martin to add an amendment for the pin number.

Amendments and Votes: Senator Eck MOVED the preceding amendments. The motion CARRIED unanimously.

Senator Eck MOVED to amend the bill by requiring the Department of Revenue to identify the parcels by pin number. This would include the technical title amendment as per the note on the fiscal note.

Senator Mazurek said the title amendment should read "providing that the application for the residential property tax credit may be used for class 4 classification."

Senator Eck said she didn't feel that was what the Department of Revenue intended.

Senator Crippen felt the Department of Revenue should have a chance to review the amendment.

Senator Mazurek withdrew the title amendment.

Recommendation and Vote: The motion to amend by requiring the Department of Revenue to identify parcels by pin number CARRIED unanimously.

EXECUTIVE ACTION ON SENATE BILL 190

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Mazurek MOVED to table Senate Bill 190. He was very concerned about the privacy issue.

Senator Norman asked if we are tabling it to delay it or to kill it.

Senator Mazurek said he would like to kill it, but in fairness to Senator Stimatz, we should wait until we see Senator Jacobson's bill.

The motion to table Senate Bill 190 CARRIED unanimously.

EXECUTIVE ACTION ON SENATE BILL 50

Discussion: Senator Eck asked for a sense of direction from the committee regarding proration and whether to do away with it altogether.

Senator Mazurek said his intern could contact the Department of Revenue lawyers for more information. He said most surrounding states have laws the same as ours.

Senator Eck said they are the same except we have proration and they don't.

Senator Gage said most assessors in the state are only assessing on the basis of how long the property is in the state.

Amendments and Votes: None

Recommendation and Vote: Senator Gage MOVED to draft a committee bill which would reflect that property in the state on January 1, would pay a full year with no refund; property that comes in after January 1 would be prorated for the balance of the year. If it leaves before the end of the year, there would be no refund.

That property must be in the state for a minimum of three months.

The motion CARRIED with only Senator Crippen voting no.

EXECUTIVE ACTION ON SENATE BILL 206

Discussion: Senator Harp suggested amending the bill to \$4.50. Senator Eck suggested \$5.

Amendments and Votes: Senator Norman MOVED to amend the bill on page 2, line 13, by striking "1990" and inserting "1989". The motion CARRIED unanimously.

After some discussion regarding a retroactive applicability date, Senator Norman MOVED to rescind the action regarding the 1989 effective date. The motion CARRIED unanimously.

Senator Harp MOVED to amend the bill from \$2 to \$5. The motion CARRIED with Senators Crippen, Hager and Severson voting no.

Recommendation and Vote: Senator Harp MOVED Senate Bill 206 DO PASS AS AMENDED. The motion CARRIED with Senators Hager and Crippen voting no.

ADJOURNMENT

Adjournment At: 10.00 a.m.

  
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SENATOR BOB BROWN, Chairman

BB/jdr

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ROLL CALL

TAXATION

COMMITTEE

50~~st~~ LEGISLATIVE SESSION -- 1989

Date 1/26/89

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.

SENATE STANDING COMMITTEE REPORT

January 26, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 206 (first reading copy -- white), respectfully report that SB 206 be amended and as so amended do pass:

1. Page 1, lines 12, 14 (both places) and 17.  
Strike: "\$2"  
Insert: "\$5"

AND AS AMENDED DO PASS

Signed: \_\_\_\_\_

*Bob Brown*  
Bob Brown, Chairman

*J.C.  
1/26/89  
2:45 p.m.*



