

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, Chairman, on April 10,  
1989, at 8:00 a.m.

ROLL CALL

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

Members Excused: None

Members Absent: None

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

Announcements/Discussion:

Senator Brown announced as a courtesy to Representative Ramirez he would allow Jase Norsworthy, Chairman of the Board of Big Sky Transportation Company, to testify on HB 791. Mr. Norsworthy was detained out of town at the time of the hearing on the bill and Senator Brown agreed to allow him to present his testimony as soon as he could reach Helena.

HEARING ON HB 791

Testimony:

Jase Norsworthy, Chairman of the Board, Big Sky  
Transportation Company, presented his remarks in  
support the bill to committee (Exhibit #1).

Opponents:

Senator Devlin, District 13, said the bill sets a dangerous precedent. He said his constituents in Miles City are not very happy about the bill.

Questions From Committee Members:

Senator Norman asked what the fiscal impact of the bill would be as there is not a fiscal note with the bill.

Representative Ramirez said the impact would be approximately \$187,000.

Senator Mazurek asked if Representative Ramirez would object if the bill was amended to apply to state mills only.

Representative Ramirez said if they could the \$187,000 in relief he would have no problem with it. He said the only problem there might be is with the 72 months. It is not the total amount that is so important as the fact that they have to pay within 72 months from the date of assessment. All of the 1982 and 1983 taxes are due and will have to be paid in full by November of 1989. In that respect, the bill perhaps does not lend itself to that avenue of payment. Representative Ramirez presented a proposed amendment to the bill Exhibit #2) which might work at this point.

Closing by Sponsor:

Representative Ramirez closed by saying this is an essential service to Montana and we are being very short-sighted if we do not pass this bill. He said the counties do not like it now, however, in the long run it should be beneficial to the counties in terms of accessibility of service and increased revenue.

EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 12

Discussion: See Following

Amendments and Votes:

Senator Mazurek Moved the attached amendments (Exhibit #3).

The motion CARRIED unanimously.

Senator Gage MOVED to strike subsection 5, page 8, in its entirety.

The motion CARRIED unanimously.

Senator Mazurek expressed concern that the County Treasurer will still have to notify the lienholders when taxes become delinquent.

Roger Tippy explained that the idea behind the bill was to change existing procedures so that there was a more timely notification by the county that the taxes were not being paid. The lienholder would have the opportunity year by year to contact the owner about the taxes or foreclose.

Senator Mazurek felt the Treasurer should only have to give notice when the property is going to be sold.

Senator Eck MOVED to amend page 6, line 3, as per amendment #1 on the attached standing committee report (Exhibit #4).

The motion CARRIED unanimously.

Recommendation and Vote:

Senator Walker MOVED HB 12 Be Concurred In As Amended.

The motion FAILED on a roll call vote (Exhibit #5).

Senator Gage MOVED HB 12 Be Not Concurred In.

The motion CARRIED on a roll call vote (Exhibit #6).

DISPOSITION OF HOUSE BILL 202

Discussion:

Representative Pavlovich presented proposed amendments to the bill which would address the technical flaws as stated in the attachment from the Department of Administration (Exhibits #7 and #8).

Senator Harp asked what would happen to the interest.

Judy Waldron, LFA Office, said unless it was specified to go somewhere else, it would be earned and be deposited to the general fund.

Senator Gage asked what would happen to any funds left over in the account after the project is complete.

Judy Waldron replied because it is a temporary tax, it would cease when all the costs were paid.

Amendments and Votes:

Senator Harp MOVED to adopt the amendments as per Exhibit #7.

The motion CARRIED with Senator Crippen voting no.

Recommendation and Vote:

Senator Harp MOVED HB 202 Be Concurred In As Amended.

The motion CARRIED on a roll call vote (Exhibit #9).

DISPOSITION OF HOUSE BILL 280

Discussion: See Following

Amendments and Votes: See Following

Recommendation and Vote:

Senator Harp MOVED HB 280 BE TABLED.

Senator Halligan opposed the motion as retired and low income people literally need the provisions of this bill to stay in their homes.

Senator Eck said there needs to be a cap on how much pension income can be excluded.

Senator Harp's motion to TABLE the bill FAILED on a roll call vote (Exhibit #10).

Senator Eck MOVED to amend the bill on page 7 to reflect "the greater of \$4000 or 50% of \$12,000".

Director Nordtvedt said the best way to address this is to take the \$4000 and subject it to the indexing factor of the tax brackets.

Senator Eck changed her motion to reflect the \$4000 tied to the inflation factor as per the amendments on the attached standing committee report (Exhibit #11).

The motion CARRIED with Senators Harp, Crippen, Brown, and Walker voting no.

Senator Eck MOVED HB 280 Be Concurred In As Amended.

The motion CARRIED on a roll call vote (Exhibit #12).

DISPOSITION OF HOUSE BILL 293

Discussion: See Following

Amendments and Votes: See Following

Recommendation and Vote:

Senator Harp MOVED TO TABLE HB 293. He said it is irresponsible to pass this bill given the fiscal impact.

Senator Gage made a SUBSTITUTE MOTION to tie SB 293 to the passage of the sales tax.

Senator Harp said the crisis is right now and tying the bill to the passage of a sales tax will not help in this biennium at all. He pointed out there is a retroactive effective date in the bill at present.

Senator Gage changed his motion to tie SB 293 to the passage of a sales tax with the effective date being the year following December 31, 1989.

The motion FAILED on a roll call vote (Exhibit #13).

The motion by Senator Harp to TABLE HB 293 FAILED on a roll call vote (Exhibit #14).

Senator Halligan MOVED HB 293 Be Concurred In.

Senator Harp made a SUBSTITUTE MOTION to strike December 31, 1989 and insert December 31, 1989 to reflect a continued applicability date.

The motion CARRIED unanimously.

Senator Halligan's motion that HB 293 Be Concurred In (As Amended) CARRIED with Senators Harp, Hager, and Brown voting no.

DISPOSITION OF HOUSE BILL 566

Discussion: See Following

Amendments and Votes:

Senator Eck MOVED to amend the bill as per amendments #1,#2,  
and #3 on the attached standing committee report  
(Exhibit #16).

The motion CARRIED unanimously.

Senator Mazurek MOVED to amend the bill as per amendment  
#4 on the attached standing committee report (Exhibit  
#16).

The motion CARRIED unanimously.

Recommendation and Vote:

Senator Halligan MOVED HB 566 Be Concurred In As Amended.

The motion CARRIED with Senator Crippen voting no and  
Senator Norman out of the room.

DISPOSITION OF HOUSE BILL 641

Discussion:

The committee looked at the amendment from Representative  
Quilici which would include state levies in those  
levies which can be exempted by local government  
officials (Exhibit #17).

Senator Gage had a concern about the county approving the  
exemption and the school districts not approving.

Senator Mazurek suggested striking all references to schools  
and noted we would have to go back and reconsider our  
action on HB 566.

Senator Halligan MOVED to reconsider action on HB 566 for  
purposes of amendment. The motion CARRIED.

DISPOSITION OF HB 566

Discussion: See Following

Amendments and Votes:

Senator Gage moved to amend the bill as per amendment #5 on the attached standing committee report (Exhibit #16).

The motion CARRIED unanimously.

Recommendation and Vote:

Senator Halligan MOVED HB 566 BE Concurred In As Amended.

The motion CARRIED with Senators Harp, Crippen, and Mazurek voting no.

DISPOSITION OF HOUSE BILL 641

Discussion: See Following

Amendments and Votes:

Senator Gage MOVED the amendments in HB 566 Be Reflected In HB 641.

The motion CARRIED unanimously.

Recommendation and Vote:

Senator Eck MOVED HB 641 Be Concurred In As Amended.

Senator Crippen said this is bad policy. He said we are putting into competition an industrial park that will not have to pay taxes with those that do. There is a great deal of money that goes into building an industrial park and a great deal of money that is generated by the taxes as a result. This is grossly unfair to the private profit making corporations. It seems to be the absolute antithesis of encouraging new industry to come into the state and develop new businesses.

Senator Mazurek MOVED TO TABLE HB 641.

The motion CARRIED with Senators Eck and Halligan voting no.

DISPOSITION OF HOUSE BILL 664

Discussion: See Following

Amendments and Votes:

Senator Crippen MOVED coordinating instructions be put in the bill to coordinate with HB 463 and HB 469.

The motion CARRIED unanimously.

Recommendation and Vote:

Senator Halligan MOVED HB 664 Be Concurred In As Amended.

The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL 703

Discussion: See Following

Amendments and Votes:

Senator Harp MOVED to adopt the amendments as presented by the Department of Revenue (Exhibit #18).

The motion CARRIED unanimously.

Senator Crippen MOVED to amend the bill as per Exhibit #19. This is an amendment from Representative Ramirez which coordinates the bill with SB 65.

The motion CARRIED unanimously.

Recommendation and Vote:

Senator Crippen MOVED HB 703 Be Concurred In As Amended.

The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL 764

Discussion: None

Amendments and Votes: None

Recommendation and Vote:

Senator Harp MOVED TO TABLE HB 764.

The motion CARRIED with Senator Halligan voting no.



DISPOSITION OF HOUSE BILL 766

Discussion: None

Amendments and Votes: None

Recommendation and Vote:

Senator Harp MOVED HB 766 Be Concurred In.

The motion failed on a roll call vote (Exhibit #20).

DISPOSITION OF HOUSE BILL 791

Discussion:

Senator Mazurek said if this bill is going to pass he wants to amend it to limit to state mills only.

Amendments and Votes: None

Recommendation and Vote:

Senator Crippen MOVED HB 791 Be Concurred In.

Senator Crippen said what it boils down to is this bill or no air service, especially to the small communities such as Glendive and Sidney. Senator Crippen pointed out he doesn't feel this will be an ongoing problem because history shows in surrounding states the feeder has eventually been purchased by the prime carrier.

Senator Mazurek suggested amending the bill to apply to state mills and let the local communities decide on their own what they want to do.

Senator Crippen said that sounds logical but questioned whether it really is. He said if several counties agree to support the mills, but one or two don't, then you are letting the county commissioners in those counties dictate public policy such as we are doing here.

Senator Mazurek said that runs both ways. We here at the state level are, in effect, telling the counties they cannot have the local taxes that by contract this company agreed to pay. Each county should be able to look at their own situation and make their own determination.

Senator Norman said school districts and fire districts are also affected and dealing with that situation would be very complex.

The motion that HB 791 Be Concurred In CARRIED on a roll call vote (Exhibit #21).

DISPOSITION OF HOUSE BILL 293

Discussion: See Following

Amendments and Votes: See Following

Recommendation and Vote:

Senator Crippen MOVED the committee reconsider its action in adopting HB 293 as amended. He said this bill carries a \$3 million impact and it is just too expensive.

The motion FAILED on a roll call vote (Exhibit #22).

ADJOURNMENT

Adjournment At: 10:00 a.m

  
\_\_\_\_\_  
SENATOR BOB BROWN, Chairman

BB/jdr

MIN410.jdr

ROLL CALL

TAXATION

COMMITTEE

5<sup>th</sup> LEGISLATIVE SESSION -- 1987

Date 4/16/89

NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	Y		
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

April 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HB 791 (third reading copy -- blue), respectfully report that HB 791 be concurred in.

Sponsor: Ramirez (Hager)

BE CONCURRED IN

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

  
Bob Brown, Chairman

SENATE STANDING COMMITTEE REPORT

April 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HB 202 (third reading copy -- blue), respectfully report that HB 202 be amended and as so amended be concurred in:

Sponsor: Pavolich (Harp)

1. Title, line 6.

Strike: "BOARD OF VETERANS' AFFAIRS"

Insert: "DEPARTMENT OF MILITARY AFFAIRS"

2. Page 1, line 20.

Strike: "2-CENT increase in the"

Following: "16-11-111"

Insert: ". Money in the account"

3. Page 1, line 22.

Strike: "board of veterans' affairs"

Insert: "department of military affairs the amount of \$30,000"

4. Page 1, line 23.

Strike: "board"

Insert: "department"

5. Page 2, line 1.

Strike: "TO"

Following: "ADMINISTRATION"

Insert: "the balance of all other collections under [section 1]"

6. Page 6, lines 10 and 11.

Strike: "BOARD" on line 10 through "AFFAIRS" on line 11

Insert: "department of military affairs"

AND AS AMENDED BE CONCURRED IN

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

*Bob Brown*  
Bob Brown, Chairman

SENATE STANDING COMMITTEE REPORT

April 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HB 664 (third reading copy -- blue), respectfully report that HB 664 be amended and as so amended be concurred in:

Sponsor: Schye (Walker)

1. Page 4.


Following: line 12

Insert: "NEW SECTION. Section 4. Coordination instruction. If [this act] is passed and approved and Senate Bill No. 469 is not passed by the 51st legislature or is not approved by the people at the special election, [this act] is void."

Renumber: subsequent sections

AND AS AMENDED BE CONCURRED IN

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

  
Bob Brown, Chairman

4/11/89  
11:19 a.m.  
SCRHB664.411

SENATE STANDING COMMITTEE REPORT

page 1 of 3  
April 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HB 703 (third reading copy -- blue), respectfully report that HB 703 be amended and as so amended be concurred in:

Sponsor: Ramirez (Crippen)

1. Title, line 9.

Following: "1"

Insert: "REVISING THE REAPPRAISAL PLAN REQUIREMENTS;"

2. Page 3, line 24.

Following: "valuation"

Strike: "1"

Insert: "and"

3. Page 3, line 25.

Following: "determination"

Strike: ", "

Insert: ". The property owner may not appeal"

4. Page 4, line 3.

Following: "1"

Strike: "and"

Following: "stratum"

Insert: ", "

5. Page 4, line 5.

Following: line 4

Insert: "(7) The percentage adjustments, stratum, and area designations must be adopted by administrative rule. An annual hearing must be held to accept testimony on the percentage adjustments, stratum, and area designations. The department shall present its findings and the proposed rules to the revenue oversight committee."

6. Page 4, lines 14 and 15.

Following: "years" on line 14

Strike: remainder of line 14 through "year" on line 15

7. Page 5, lines 8 through 14.

Following: "residential" on line 8

Strike: remainder of line 8 through "year" on line 14

Insert: "land and improvements, agricultural 1-acre homesites and improvements, and commercial land and improvements. The sales assessment ratio based on property sales finalized and recorded by no later than November 1 must be used to determine appraisals for the immediately succeeding tax year"

8. Page 6, line 13.

Strike: "comparable numbers of property SALES and"

9. Page 6, line 14.

Strike: "The areas must"

Insert: "and"

10. Page 10, lines 9 and 10.

Following: "staff" on line 9

Strike: "who have no access to appraisal values and"

11. Page 10, lines 17 through 21.

Following: "(b)" on line 17

Strike: remainder of line 17 through "study." on line 21

12. Page 10, line 22.

Strike: "contained on"

Insert: "entered in"

13. Page 11, line 18.

Strike: "1"

14. Page 11, lines 20 and 21.

Following: "and" on line 20

Strike: "remainder of line 20 through produce" on line 21

Insert: "when the sample size produces a"



April 11, 1989

page 2 of 3

15. Page 12, line 5.

Following: line 4

Insert: "(c) Assessments in an area are considered equalized under subsection (8)(a) if the ratio for the area is within plus or minus 5% of common value 1."

16. Page 14, line 12.

Following: "through"

Strike: "(7)"

Insert: "(8)"

17. Page 15, line 5.

Following: "through"

Strike: "(7)"

Insert: "(8)"

18. Page 18, line 12.

Following: line 11

Insert: "NEW SECTION. Section 5. Coordination instruction. If [this act] and Senate Bill No. 65 are passed and approved, the amendment to 15-10-412(3)(i) in Senate Bill No. 65 and the language in the amendment to Senate Bill No. 65 inserting 15-10-412(4)(a)(ii) that reads "or a sales assessment ratio study" are void."

Renumber: subsequent section

AND AS AMENDED BE CONCURRED IN

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

*Bob Brown*

Bob Brown, Chairman

*4/11/89  
J.C.  
J.B.P.*

SENATE TAXATION  
EXHIBIT NO. 1 P. 1  
DATE 4/10/89  
BILL NO. HB 791

REMARKS BEFORE SENATE TAXATION COMMITTEE

HOUSE BILL 791

1. THANK YOU MR. CHAIRMAN

MY NAME IS JASE NORSWORTHY, I AM CHAIRMAN OF THE BOARD OF BIG SKY TRANSPORTATION CO. -- WE OPERATE UNDER THE NAME NORTHWEST AIRLINK. I AM TESTIFYING IN FAVOR OF HB 791.

2. BIG SKY IS AN ELEVEN YEAR OLD <sup>MONTANA INCORPORATED</sup> COMPANY. ~~WE ARE A MONTANA COMPANY~~. APPROXIMATELY 90% OF OUR 1600 STOCKHOLDERS ARE CITIZENS OF MONTANA. THIS IS A SPARCELY POPULATED STATE. PART OF OUR OPERATIONS ARE IN EASTERN MONTANA AND ARE SUBJECT TO SUBSIDY UNDER THE ESSENTIAL AIR SERVICE PROGRAM OF THE UNITED STATES CONGRESS. THE BALANCE OF OUR OPERATIONS ARE IN WESTERN MONTANA WITH THE ENTIRE OPERATION BEING ANCHORED BY BISMARCK. NORTH DAKOTA ON THE EAST AND SPOKANE, WASHINGTON ON THE WEST. *WE SERVE 17 CITIES - 14 IN MT*

3. <sup>IN RECENT YEARS</sup> BIG SKY HAS MADE A PROFIT <sup>ONLY IN</sup> TWO YEARS ~~OUT OF THE LAST THREE YEARS~~. WE MADE A 1 CENT PER SHARE PROFIT IN 1986 AND A 2 CENT PER SHARE PROFIT IN 1987. IN 1988 WE LOSS 19 CENTS PER SHARE. THIS LEFT US WITH A \$1,500,000 STOCKHOLDERS DEFICIT. THUS FAR THIS YEAR, WE HAVE SUFFERED LOSSES THAT BRING THE STOCKHOLDERS DEFICIT TO \$2,300,000.

4. IN VIEW OF THE FACT THAT THE COMPANY HAS NOT BEEN ABLE TO MAKE ANY PROFIT, A NUMBER OF ACCOUNTS HAVE GONE UN-PAID. AMONG THOSE HAVE BEEN TAXES AND AIRPORT FEES. BY THE SUMMER OF 1987 THOSE TWO ITEMS REACHED A TOTAL OF APPROXIMATELY \$800,000.

5. BIG SKY WENT TO THE AFFECTED COUNTIES AND AIRPORT AUTHORITIES AND WITH THEIR SUPPORT STRUCTURED A DEAL TO PAY THE DELINQUENT TAXES AND FEES OVER A TWO AND A HALF YEAR PERIOD.

6. TO DO THIS BIG SKY SOUGHT AND GAINED THE CONSENT OF ITS LONG-TERM CREDITORS TO PAY THEM INTEREST ONLY ON THE LONG TERM DEBT --AT REDUCED INTEREST RATES-- AND DIVERT THE DOLLARS THAT WOULD HAVE BEEN GOING TO PAY BACK PRINCIPAL TO PAY THE BACK TAXES, PENALTIES AND INTEREST AS WELL AS THE AIRPORT FEES. *PAYMENT WERE TO BE MADE IN SIX MONTH INCREMENT*

7. BIG SKY MADE THE NOVEMBER 1987 AND THE MAY AND NOVEMBER 1988 PAYMENTS UNDER THIS PLAN. -- WHICH IN EFFECT CALLED FOR PAYMENT OF ALL CURRENTLY DUE TAXES, I. E. THE NOVEMBER 1987 TAXES, PLUS THE THEN OLDEST YEAR OF TAXES. EACH OF THOSE PAYMENTS WAS IN A TOTAL OF APPROXIMATELY \$250,000

\$ 175,000



13. I WOULD ASK THAT THE COMMITTEE TAKE INTO ACCOUNT THE FACT THAT

A. SINCE NOVEMBER 1987, WHEN BIG SKY OF ITS OWN INITIATIVE DEvised -- GAINED SUPPORT FOR AND IMPLEMENTED THE "DELINQUENT TAX REPAYMENT PLAN 523,000 AND HAS PAID TAXES AND AIRPORT FEES IN EXCESS OF \$523,000 -- APPROXIMATELY \$523,000 CURRENT TAXES AND THE REST BACK AIRPORT FEES.

TAXES †

240,000

B. WE HAVE PROVIDED EMPLOYMENT TO AN AVERAGE OF 190 FAMILIES WITH 90% OF THOSE JOBS BEING IN MONTANA.

C. BIG SKY'S ANNUAL PAYROLL IS JUST UNDER \$5,000,000. 90% OF THESE EMPLOYEES ARE PAYING TAXES IN MONTANA.

D. FINALLY, WE NEED YOUR HELP WE NEED THE MESSAGE YOU WILL SEND TO OUR CREDITORS WHO ARE BEING ASKED TO MAKE MAJOR CONCESSIONS. TO OUR EMPLOYEES WHO ARE BEING ASKED TO DO THE SAME THING. --- ONLY IT GOES TO BREAD ON THEIR TABLES. AND

~~AND WE NEED YOUR HELP WE NEED THE MESSAGE YOU WILL SEND TO OUR CREDITORS WHO ARE BEING ASKED TO MAKE MAJOR CONCESSIONS. TO OUR EMPLOYEES WHO ARE BEING ASKED TO DO THE SAME THING. --- ONLY IT GOES TO BREAD ON THEIR TABLES. AND~~  
~~TO HELP IN THE ATTEMPT TO SAVE MONTANA'S ONLY AIRLINE.~~

THANK YOU MR. CHAIRMAN AND COMMITTEE MEMBERS. I WILL BE PLEASED TO RESPOND TO ANY QUESTIONS.

Possible addition / will not offer unless necessary.

Drafted by Joul 3/18/89

EXHIBIT NO. 2  
DATE 4/10/89  
BILL NO. HB 791

NEW SECTION. Section \_\_\_\_\_. If an airline that qualifies for a tax benefit contained in Section 1. completes a Reorganization under Chapter 11 in which all creditor claims are paid in full, the taxes <sup>exclusive of penalty and interest</sup> described in Section 1. shall be reinstated as general debts against the airline and paid in full upon completion of the Reorganization.

791 Ramey

Amend House Bill 12, third reading bill, as follows:

1. p. 6, line 6

Following: "delinquent"

Insert: "In determining who has a properly perfected security interest of record, the treasurer shall search security interests on file with the clerk and recorder of that county and the moving declarations on file with the department of revenue in that county, but need not search any other records."

2. p. 6, lines 10 and 11

Following: "assessed"

Strike: "or any other personal property in the hands of the delinquent taxpayer"

## SENATE STANDING COMMITTEE REPORT

April 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HB 12 (third reading copy -- blue), respectfully report that HB 12 be amended and as so amended be not concurred in:

sponsor: Pavlovich (Gage)

1. Page 6, line 3.

Following: "delinquent"

Insert: "and if the county treasurer begins proceedings for the sale of the mobile home or housetrailer"

2. Page 6, line 6.

Following: "delinquent."

Insert: "In determining who has a properly perfected security interest of record, the county treasurer shall search security interests on file with the clerk and recorder of the county and the moving declarations in the county on file with the department of revenue, but the treasurer need not search any other records."

3. Page 6, lines 10 and 11.

Following: "assessed" on line 10

Strike: remainder of line 10 through "taxpayer" on line 11.

4. Page 8, line 21 through page 9, line 1.

Strike: subsection (5) in its entirety

Renummer: subsequent subsections

AND AS AMENDED BE NOT CONCURRED IN

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

Bob Brown, Chairman

4-11-89  
29  
12:54

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date 4/10/89 Yealed Bill No. 12 Time 9:40

NAME	YES	NO
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	

Bill Cochran  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Walker that  
HB 12 be passed in its  
amended.



ROLL CALL VOTE

SENATE TAXATION  
ARTICLE 6  
DATE 4/10/89  
BILL NO. HB 12

SENATE COMMITTEE TAXATION

Date 4/10/89 House Bill No. 12 Time 9:41

NAME	YES	NO
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

Gill Rhynns  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Gage that HB 12  
Be not Enrolled in

Amendments to House Bill No. 202  
Third Reading Copy

Requested by Representative Pavlovich  
For the Committee on Taxation

Prepared by Jeff Martin  
April 8, 1989

1. Title, line 6.

Strike: "BOARD OF VETERANS' AFFAIRS"

Insert: "DEPARTMENT OF MILITARY AFFAIRS"

2. Page 1, line 20.

Strike: "2-CENT increase in the"

Following: "16-11-111"

Insert: ". Money in the account"

3. Page 1, line 22.

Strike: "board of veterans' affairs"

Insert: "department of military affairs the amount of \$30,000"

4. Page 1, line 23.

Strike: "board"

Insert: "department"

5. Page 2, line 1.

Strike: "TO"

Following: "ADMINISTRATION"

Insert: "the balance of all other collections under [section 1]"

6. Page 6, lines 10 and 11.

Strike: "BOARD" on line 10 through "AFFAIRS" on line 11

Insert: "department of military affairs"

## CIGARETTE TAX AND NURSING HOME(S) FOR VETERANS

HB 202

Submitted by: Department of Administration  
Department of Institutions

Date: April 7, 1989

Bill Titles: HB 202 Increase Cigarette tax to provide funds for Veterans' Home studies.

HB 547 Establish Veterans' Home in Eastern Montana -- Sell Long Range Bonds.

HB 718 Establish an annex of the Montana Veterans' Home to be located in Galen.

Introduced by: HB 202 Representative Bob Pavlovich

HB 547 Representative John Johnson

HB 718 Representative Red Menahan

Next action: HB 202 Hearing (Senate Taxation) Friday April 7 8 a.m.

HB 547 Hearing (Senate Finance & Claims) Tuesday April 11 8 a.m.

HB 718 Hearing (Senate Finance & Claims) Tuesday April 11 8 a.m.

Subject: HB 202 increases the cigarette tax to pay costs of studies and construction of nursing/domiciliary home(s) for veterans.

HB 547 establishes a State Veteran's home in Eastern Montana, authorizing a site selection committee and bond issuance (bond issuance is not authorized if HB 202 is passed).

HB 718 provides for establishing an annex to Columbia Falls Veterans' home, to be located at Galen; appropriates general funds to establish and operate the home (General fund dollars are not appropriated if HB 202 is passed).

There are several technical flaws in these bills:

HB 202.

As it is written, only 11.11% of 2 cent increase would be used to fund veterans' home projects, the remainder is unaccounted for (Page 1, Lines 19 and 20). Should read 11.11% of the money collected from the cigarette tax....

. The bill identifies the Board of Veterans' Affairs and Department of Administration to receive statutory appropriation, but does not identify the share each agency is to receive. Also, appropriation should be to the Department of Military Affairs, Veteran Affairs Division rather than the Board of Veterans' affairs (Page 1, Lines 22 - 25, Page 2 - Lines 1-4).

. There is no concrete estimate of the cost of these studies and construction projects; a 2 cent tax may or may not be the amount necessary to fund the projects.

. No funding limit or expiration date is established. The process of conducting studies (page 1, lines 22-25) and construction (page 2 lines 1-4) could continue infinitely with this cigarette tax income (1.2 million dollars per year). Since both DofA and VA must concur to governor, this bill could result in a number of facilities to maintain and operate; facilities that have no limit on design and construction cost could also result. (Page 6 Section 7).

. The Fiscal note reflects the introduced bill at 5 cents per pack and implementation of the change in distribution October 1. Current language would result in approximately \$808,800 revenue in FY 1990 and \$1,200,000 in FY 1991; November 1 implementation of the change in distribution of the tax (minimizing the impact to the debt service and long range building program accounts).

HB 547.

. The project should not be bid until we have federal approval of the project. Language should be added to clarify both the requirement to apply for the federal funding and the requirement to receive federal approval before committing the entire 35% state share.

. The site selection committee is composed of 7 veterans from eastern Montana whose recommendation to the governor is binding (page 3, lines 22-23). There is no provision for negotiation or change of the recommendation.

. This bill directs the Department of Administration to consider this project for inclusion in the long range building planning process (Page 4, lines 1 - 5). This is the logical way for building planning to proceed. However, the language is unnecessary in this bill because the bill bypasses the planning process.

. The bill pledges financial support from the general fund for continued operation and maintenance of the home(s)

(page 7, Section 10), but the fiscal note does not reflect the amount of these costs. Based on experience with the Veterans' Home in Columbia Falls, operational cost for a 40 bed home would be approximately 2.8 million annually, the general fund portion would be approximately 1.4 million starting in fiscal year 1992.

The bill is written to either bond the project or to use revenue from HB 202. The following discussion pertains to 1) HB 202 failing or 2) HB 202 passing.

If HB 202 fails:

. The bill obligates the Board of Veterans' Affairs for paying the site selection committee expenses. Without the cigarette tax, will the Board have the funds to pay these expenses? (Page 3, lines 24 - 25). Further, an appropriation, either statutory or legislative, is required to spend State funds. Either this bill or the general appropriations bill (HB 100) should be amended to appropriate the specific funding amount and source.

. The bill obligates the Department of Institutions to enter into an agreement to pay the debt service on the bonds. The debt service payments would start as soon as the bonds were sold, but there is no provision for revenue. How is the Department going to pay the debt service? It has been suggested that Federal subsidy of the operation could be used to retire the debt. There are 2 problems: this money would not be available until after the facility is operational (months, years after debt service payments start); if this money is used to retire the debt, then operation of the facility will be totally out of the general fund.

. This bill does not set forth a plan that addresses the contingencies among funding, bonding, and federal approval. Planning and design work will be necessary to apply for the federal approval; bonds should not be issued until federal approval has been received. The planning and design work necessary to apply for federal approval will require expenditures. Where will the funding for this part of the project come from?

. If this bill passes, but not by the 2/3 vote required for approval of state debt, the bonding and appropriations provisions are void (page 10, Section 19 lines 18-25), but the provision for site selection, long-range building plan, planning, and construction remain--without an appropriation or funding. How will this work be funded?

If HB 202 passes:

. Coordination instructions in Section 20 (page 11) strike bonding issuance authority and appropriation language. Sections 4, 8, 17, and 19 should be included in these instructions.

HB 718.

. The bill appears to assume that veterans could occupy existing buildings with little or no construction. The buildings may not comply with VA standards for nursing homes and no planning has been done to determine the cost to correct deficiencies. The facility has been exempted into compliance for current programs. Renovation and change of use of any part of the facility may result in major reconstruction to bring the facility up to compliance for existing programs in addition to VA standards for nursing homes.

. The amount of the appropriation is blank. The bill should be amended to specify the amount to be appropriated for establishing the facility (page 1, lines 20 - 21).

. The bill requires the Department of Institutions to operate the facility (page 1, lines 13 - 16). The bill should be amended to specify the amount to be appropriated for operating the facility (page 1, lines 20 - 21).

. Department of Institutions would have to be involved to assess the availability of space and the impact on current residents.

. The size of the facility is not identified in the bill. Who will determine how many beds are to be provided?

. If HB 202 passes:

.. How much money of the cigarette tax is to be spent on establishing this facility? If HB 547 passes, how much of the tax is to be spent on which project and in which year?

.. Coordination instructions void the appropriation language and there will be no appropriation to the Department of Institutions for operation of the facility.

.. The effective date of this bill is July 1, 1989, but the revenue from the cigarette tax is not available until November 1989.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date 4/10/89 House Bill No. 302 Time 9:50

NAME	YES	NO
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

Gill Robyns  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Harp that HB 302  
Be Concurred in As Amended

ROLL CALL VOTE

RESOLUTION NO. 10  
DATE 4/10/89  
BILL NO. HB 380

SENATE COMMITTEE TAXATION

Date 4/10/89 Roll Call Bill No. 380 Time 9:58

NAME	YES	NO
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

Bill Robinson  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator HARP to Table  
HB 380



## SENATE STANDING COMMITTEE REPORT

April 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HB 280 (third reading copy -- blue), respectfully report that HB 280 be amended and as so amended be concurred in:

Sponsor: Vincent (Eck)

1. Page 7, line 14.

Strike: "THE GREATER OF"Following: "\$4,000"Insert: ", adjusted by the inflation factor as defined in 15-30-101,"

2. Page 7, lines 14 and 15.

Strike: "OR" on line 14 through "BENEFITS" on line 15

AND AS AMENDED BE CONCURRED IN

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

Bob Brown  
Bob Brown, Chairman

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date 4/10/89 House Bill No. 280 Time 10:13

NAME	YES	NO
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	

Bill Cochran  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Eck THAT HB 280  
Be Concurred In As Amended

ROLL CALL VOTE

SENATE TAXATION

EXHIBIT NO. 13

DATE 4/10/89

BILL NO. HB 293

SENATE COMMITTEE TAXATION

Date 4/10/89 House Bill No. 293 Time 10:25

NAME	YES	NO
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

Gill Robinson  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Gage to amend  
HB 293 by tying it to the passage  
of a sales tax with an effective  
date of the year following  
Dec. 31, 1989.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date 4/10/89 Roll Bill No. 293 Time 10:28

NAME	YES	NO
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

Jill Robyans  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Harp to Table  
HB 293

4/10/89

EXHIBITS WERE MISNUMBERED. THERE WAS NO EXHIBIT # 15 FOR THIS DAY.

## SENATE STANDING COMMITTEE REPORT

April 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HB 566 (third reading copy -- blue), respectfully report that HB 566 be amended and as so amended be concurred in:

Sponsor: Harrington (Lynch)

1. Page 1, line 16.

Following: "and"

Insert: "that"

2. Page 2, line 10.

Following: "government,"

Strike: "or"

3. Page 2, line 11.

Following: "town"

Insert: ", or school district"

4. Page 2, line 16.

Following: "chapter 2"

Insert: "and is exempt from taxation under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code"

5. Page 2, lines 22 through 24.

Strike: "for" on line 22 through "levied" on line 24

AND AS AMENDED BE CONCURRED IN

Signed: Bob Brown

Bob Brown, Chairman

Amendments to House Bill No. 641  
Third Reading Copy

Requested by Representative Quilici  
For the Committee on Taxation

Prepared by Greg Petesch  
April 5, 1989

1. Title, line 8.  
Strike: "CERTAIN"

2. Page 2, line 20 through page 3, line 1.  
Following: "applies" on line 20  
Strike: remainder of line 20 through "law" on line 1  
Insert: "to all property taxes levied by any governmental entity"

PROPOSED AMENDMENTS TO HB 703  
Third (Blue) Reading Copy

1. Title, line 9.  
Following: ";"  
Insert: "REVISING THE REAPPRAISAL PLAN REQUIREMENTS;"
2. Page 3, line 24  
Following: "valuation"  
Strike: " / "  
Insert: "and"
3. Page 3, line 25  
Following: "determination"  
Strike: ", "  
Insert: ". The property owner may not appeal"
4. Page 4, line 3  
Following: " / "  
Strike: "and"
5. Page 4, line 4.  
Following: "15-7-111."  
Insert: "(7) The percentage adjustments, stratum, and area designations shall be adopted in administrative rule. An annual hearing must be held to accept testimony on the percentage adjustments, stratum and area designations. The department shall present its findings and the proposed rules to the Revenue Oversight Committee."
6. Page 4, line 14.  
Following: "years"  
Strike: "or that no less than 20% of the property in each county shall be revalued in each year"
7. Page 5, line 8.  
Following: "residential"  
Strike: Remainder of line 8 through "residence." on page 5, line 13.  
Insert: "land and improvements, agricultural 1 acre homesites and improvements, and commercial land and improvements."
8. Page 10, line 9.  
Following: "staff"  
Strike: "who have no access to appraisal values and"
9. Page 10, line 17.  
Following: "(b)"  
Strike: Remainder of lines 17 through "study." on page 10, line 21.



10. Page 10, line 21.  
Following: "sales information"  
Strike: "contained on"  
Insert: "entered in"

11. Page 11, line 20.  
Following: "and"  
Strike: "an adequate sample size is used to produce"  
Insert: "when the sample size produces a"

12. Page 12, line 4.  
Following: "that study."  
Insert: "(c) Assessments in an area shall be considered equalized under subsection (a) if the ratio for the area is within plus or minus 5% of common value 1."

13. Page 14, line 10.  
Following: ; or  
Strike: "(i)"  
Insert: "(iii)"

14. Page 14, line 12.  
Following: "through"  
Strike: "(7)"  
Insert: "(8)"

15. Page 15, line 3.  
Following: "status;"  
Strike: "or"

16. Page 15, line 5.  
Following: "through"  
Strike: "(7)"  
Insert: "(8)"

17. Page 5, lines 13 through 14.  
Strike: "Values based on each year's study may not be implemented until the following year"  
Insert: "Sales assessment ratio based on property sales finalized and recorded by no later than November 1 shall be used to determine appraisals for the immediately succeeding tax year."

18. Page 6, line 13.  
Strike: "comparable number of property sales and"

19. Page 6, line 14.  
Strike: ". The areas"  
Insert: "and"

May wanted to strike section 3 in its entirety because overlaps and conflicts with wording in SB 65.

SENATE TAXATION  
EXHIBIT NO. 19  
DATE 4/10/89  
BILL NO. HB 713

Amendments to House Bill No. 703  
Third Reading Copy

Requested by Representative Ramirez  
For the Committee on Taxation

Prepared by Greg Petesch  
March 31, 1989

1. Page 18, line 12.  
Following: line 11  
Insert: "

NEW SECTION. Section 5. Coordination instruction. If  
[this act] and Senate Bill No. 65 are both passed and approved  
the amendment in Senate Bill No. 65 to 15-10-412(3)(i) and the  
language in the amendment inserting 15-10-412(4)(ii) that reads  
"or a sales assessment ratio study" are void."

SENATE TAXATION  
 EXHIBIT NO. 70  
 DATE 4/10/89  
 BILL NO. HB 766

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date 4/10/89 House Bill No. 766 Time \_\_\_\_\_

NAME	YES	NO
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

Bill Kobayashi  
 Secretary

SENATOR BOB BROWN  
 Chairman

Motion: by Senator Hager that House Bill  
766 Be Concurred In

ROLL CALL VOTE

SENATE TAXATION

EXHIBIT NO. 21

DATE 4/10/89

BILL NO. HB 791

SENATE COMMITTEE TAXATION

Date 4/10/89 HALL Bill No. 791 Time \_\_\_\_\_

NAME	YES	NO
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

Bill Robinson  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Crispin that  
HB 791 Be Passed See

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date 4/10/89 Roll Bill No. 293 Time \_\_\_\_\_

NAME	YES	NO
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	

Bill Bryans  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Crrippen to reconsider  
action on HB 393