

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION**

#### **SUBCOMMITTEE ON PROPERTY TAX**

**Call to Order:** By CHAIRMAN COHEN, on February 7, 1991, at 8:00 AM.

#### **ROLL CALL**

**Members Present:**

Rep. Ben Cohen, Vice-Chairman (D)  
Rep. Ed Dolezal (D)  
Rep. Russell Fagg (R)  
Rep. David Hoffman (R)  
Rep. Ed McCaffree (D)  
Rep. Mark O'Keefe (D)  
Rep. Ted Schye (D)  
Rep. Fred Thomas (R)  
Rep. Dave Wanzenried (D)

**Members Absent:** Rep. Orval Ellison (R)

**Staff Present:** Lee Heiman, Legislative Council  
Julia Tonkovich, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

#### **HEARING ON HB 334**

Continued discussion of February 6 concerning amendments. Lee Heiman reiterated the subcommittee's decision of Feb. 6 that the amendment concerning refund procedures is unnecessary, as these procedures are covered in 15-16-601, MCA. REP. SWYSGOOD said the definition was expanded to include llamas, domestic bison and domestic elk for the statute relating to the per capita taxing of livestock, since the Department of Livestock does not include these animals under its definition for per capita taxing. Mr. Heiman discussed amendments.

**Motion/Vote:** REP. THOMAS moved the subcommittee DO RECOMMEND HB 334 as amended to the full committee. Motion carried unanimously.

#### **HEARING ON HB 287**

Ray Harbin, Lake County Commissioner, said HB 287, recommended by Cascade County, calls for a separation of public safety issues (funding for the sheriff's department, search and rescue, detention and correction, jails and general operation) from the

General Fund. The bill is an accounting measure which prescribes that county commissioners apportion public safety funds into a specific public safety levy; the balance of the 25 mills will then be in the General Fund. It will be a useful measure in case of an emergency because the chances of voters passing an emergency levy are greater if that levy is designated "public safety" rather than "General Fund."

REP. THOMAS asked if any county General Fund levies, especially those concerning public safety, had failed. Mr. Harbin responded that several emergency levies had failed, and he knew of at least one emergency levy dealing with public safety which had failed. HB 287 would alleviate any voter mistrust by designating an account specifically for law enforcement and jail detention.

REP. HOFFMAN asked whether any excess funds generated by a public safety mill levy would be transferred to the General Fund. Mr. Harbin said surplus funds would likely be reappropriated into the public safety levy for the next fiscal year. REP. HOFFMAN said as policy stands now, commissioners can use money from the General Fund in case of emergency, provided the funds are there; however, if there were a separate public safety account and it was topped out when an emergency occurred, commissioners would have to go to the voters for an emergency levy. Mr. Harbin said that was correct, but there was not usually a surplus in the General Fund available for emergencies.

REP. O'KEEFE asked if commissioners can currently ask for a public safety emergency levy. Mr. Harbin said counties can ask for an emergency levy to be created for a public safety issue, but there is no mill levy that exists independently of the General Fund.

Linda Stoll-Anderson, Montana Association of Counties, said commissioners can ask for a levy on a specific issue; since there is no public safety fund, the money will go into the General Fund, depending on how far the fund is from its cap.

REP. O'KEEFE asked (supposing HB 287 passed) if a county needed half of the funds generated by emergency levy for public safety and half for other programs, whether the county would need to run one or two levies. He said REP. GILBERT had cautioned him that if commissioners needed to run two separate levies, the public would be more willing to vote for a public safety levy than a general government levy, and the bill would probably meet opposition in committee if the bill required commissioners to separate levies. He would be more comfortable with the bill if he were sure it would not pit public safety against general government.

REP. THOMAS expressed concern that HB 287 would reduce flexibility. Mr. Harbin said while it may reduce flexibility somewhat, the bill would make county governments more accountable in the public's view. Since public safety is such a large part of general government, it should be accounted for separately.

REP. DOLEZAL asked if the mill levy could be increased from one year to the next, and if, on the other hand, there was money left over, whether those surplus funds could be transferred. Mr. Harbin said that as long as the 25 total mill cap was retained, the mills could be reapportioned between the two accounts. Ms. Stoll-Anderson said the transfer of funds depends on how the commissioners choose to deal with the surplus, and added that surplus funds are rarely available.

REP. WANZENRIED asked whether more money for public safety could be raised in the case of a separate public safety levy than under the existing general fund levy if levies for programs with fluctuating needs (such as museums) were reduced, and the difference added to the public safety levy. Ms. Stoll-Anderson said this can currently be done; I-105 does not specify how the mills are portioned among accounts as long as the legal cap is not exceeded.

REP. WANZENRIED and REP. THOMAS expressed concern over the apparent contradiction between the flexibility commissioners have traditionally asked for and the limitations HB 287 would place on levies. Ms. Stoll-Anderson said the bill would give the general fund more flexibility, as it removes public safety, the largest drain on the general fund, and places it in its own funding category. Voters can then decide whether to increase the mill.

Mr. Harbin discussed the loss of mill valuation; it now takes more mills to provide the same amount of dollars raised by previous mills. I-105 allows commissioners to raise the number of mills to compensate for depreciation; however, the code series will not allow counties to exceed 25 mills. Counties need to be able to adjust to maintain current mill levels as well as revenue.

REP. MCCAFFREE asked how certain counties could have exceeded their mill caps; Ms. Stoll-Anderson said counties can exceed their previous year's mill levy by 5% (depreciation allowance), and can also exceed caps if their tax valuation has decreased 5% or more. Voters can increase county finances by increasing their own taxes, but cannot change the funding caps.

REP. COHEN clarified the point that HB 287 addresses mill levy caps independently of I-105.

Bill Fleiner, Montana Sheriffs and Peace Officers, discussed the law enforcement perspective of HB 287, saying it is a progressive resolve for law enforcement, giving them the flexibility to raise funds without going into the General Fund.

REP. O'KEEFE said this bill would allow counties to raise the number of mills in order to generate an adequate dollar amount for the county, and that in some cases, although the number of mills levied may have increased substantially, voters may be paying less taxes.

REP. DOLEZAL said he considered the bill to be, in some respects, a way around I-105. Mr. Harbin said the bill does not violate any of that initiative's provisions.


REP. WANZENRIED asked if this were the only countywide levy that does not have a limitation on it. Ms. Stoll-Anderson said she believed the County Extension levy does not have a limitation.

REP. COHEN asked if the bill precludes having a separate bond issue for maintaining county detention centers; Ms. Stoll-Anderson said she didn't believe so.

NO ACTION TAKEN.

ADJOURNMENT

Adjournment: 8:52 AM

  
BEN COHEN, Chair

  
JULIA TONKOVICH, Secretary

BC/jmt

# HOUSE OF REPRESENTATIVES

## PROPERTY TAX SUBCOMMITTEE

ROLL CALL

DATE

02/07/91

NAME	PRESENT	ABSENT	EXCUSED
REP. BEN COHEN, VICE-CHAIR	X		
REP. ED DOLEZAL	X		
REP. ORVAL ELLISON		X	
REP. RUSSELL FAGG	X		
REP. DAVID HOFFMAN	X		
REP. ED MCCAFFREE	X		
REP. MARK O'KEEFE	X		
REP. TED SCHYE	X		
REP. FRED THOMAS	X		
REP. DAVE WANZENRIED	X		
REP. DAN HARRINGTON, CHAIRMAN		X	

## VISITOR'S REGISTER

PROPERTY TAX  
AGENCY(S) TAXATION COMMITTEE  
DEPARTMENT HOUSE OF REPRESENTATIVES  
SUBCOMMITTEE  
DATE 02/07/91

NAME	REPRESENTING	SUP- PORT	OP- POSE
Sandra Jarvie	MT. Library Assoc.	408	
LINDA STILL-ANDERSON	MT Assn of Counties		✓
BILL FLEINER	MT. SHERIFFS & PEACE OFFICERS		

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IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.