

## **MINUTES**

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

#### **COMMITTEE ON TAXATION**

**Call to Order:** By DAN HARRINGTON, CHAIR, on February 15, 1991,  
at 9:00 a.m.

#### **ROLL CALL**

##### **Members Present:**

Dan Harrington, Chairman (D)  
Ben Cohen, Vice-Chair (D)  
Ed Dolezal (D)  
Jim Elliott (D)  
Orval Ellison (R)  
Mike Foster (R)  
Bob Gilbert (R)  
Marian Hanson (R)  
David Hoffman (R)  
Jim Madison (D)  
Ed McCaffree (D)  
Bea McCarthy (D)  
Tom Nelson (R)  
Mark O'Keefe (D)  
Bob Raney (D)  
Barry "Spook" Stang (D)  
Fred Thomas (R)  
Dave Wanzenried (D)

**Members Absent:** Rep. Ream (D)  
Rep. Fagg (R)  
Rep. Schye (D)

**Staff Present:** Lee Heiman, Legislative Council  
Lois O'Connor, Committee Secretary

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

#### **HEARING ON HB 518**

##### **Presentation and Opening Statement by Sponsor:**

**REP. MESSMORE, House District 38, Great Falls,** stated HB 518 is  
an act governing the budget of property tax revenues that exceed  
a taxing authority's property tax revenues of the previous fiscal  
year, require the adoption of a resolution to budget the  
additional revenue following an advertised public hearing.

No taxing authority may budget an increase in property taxes in excess of the tax revenue from the year before. It also requires a public hearing for the purposes of receiving comments on its intention to budget increased property tax revenues. The public hearing may be held in conjunction with the tentative budget hearing or any other budget hearing that may be required by law. The committee was given a copy of the Public Hearing Notices that have been used in Montana and surrounding states. **EXHIBIT 1**

**Proponents' Testimony:**

**REP. GILBERT** stated as property values increase, mill levies stay the same, then taxes increase. The bill asks if they intend to keep these revenues, rather than reducing the mills to keep the amount of dollars the same, they must hold a public meeting and justify to the citizens being affected why they intend to hold those dollars.

**Dennis Burr, Montana Taxpayers Association**, stated HB 518 is an amendment to existing law which was passed in 1979. At that time, the law was passed in conjunction with the reappraisal process to inform the public of property tax increases that might have resulted from increased levies or reappraised values. The old law was concerned with the mill levies than the property tax increase.

The stricken language on Page 1 required the advertisement and hearings on proposed budgets. The difference between the old law and HB 518 is the valuation basis to determine whether there is an increase under the current law. HB 518 also requires and specifies types of notices that will be used. Over the years, the advertisement of the Property Taxpayers Information Act has been lax. This notice will specify how local governments can advertise the process. This bill does not impose any additional responsibilities or costs to the local governments.

**Alvin Svalstad, American Association of Retired Persons**, provided written testimony. **EXHIBIT 2**

**Chuck Walk, Montana Newspaper Association**, stated the Association believes HB 518 is an innovative and totally reasonable method of teaching Montanans of the important steps in the area of property taxation. The bill promotes public disclosure in a very sensitive area. It is not a punitive measure nor does it propose undue financial or staff burden on the taxing authority.

**Brendon Beatty, Montana Association of Realtors**, stood in support of HB 518.

**Opponents' Testimony:**

**Gordon Morris, Montana Association of Counties**, wanted to go on record as a no-ponent. He stated some suggestions for the committee to consider. For example, does this section of law

pertain to local governments or exclusively schools. School budgets fall into a different context by way of elections held in April.

Even though this bill takes into account tax increases that would result with the expansion of tax base; one problem that arises is under current statute the DOR is required to certify taxable values to the county for tax purposes no later than July 15 of each year. This applies across the board to all budgets. The commissioners then use this data to prepare the mill levy schedules that would be adopted no later than the second Monday in August. We have a very narrow window from the July 15 date until the time that HB 518 allows you to act relative to the notification reports. Page 2, Line 19, refers to the notice requirements of 7-1-4128. This section of law states that the county must publish notice two times with a minimum of six days separating the notifications. Six days times two notifications covers two weeks. This approaches the second Monday in August very closely. He has no suggestion as to how to get around the dilemma.

He also suggested, on behalf of counties, that HB 518 supposes a slightly more rigorous standard than what would be the case in current law. It also suggests that, if there is going to be an increase in excess of property tax revenues, we are being held to a higher standard than is currently the case with I-105. I-105 does not stop counties or any other taxing jurisdiction from enjoying the benefits of an expansion in the tax base, while at the same time, not increasing taxpayer liability. More tax dollars can not be generated under I-105, with the guideline being that you can not increase anyone's tax liability. To accomplish reform, Title 15, Chapter 10, Part 4, which is the entirety of the I-105 provision, must be repealed.

#### Questions From Committee Members:

**REP. THOMAS** stated MACO should take another look at HB 518 with what happened in Ravalli this year because its property taxes took a huge jump. HB 518 would allow them the opportunity to have a forum to paint the right stage. This seems to be a much better approach. **Gordon Morris** said from that prospective yes, the truth in taxation is valid. We see an increasing number of counties who are putting tax information packets in the tax bills. The intent is to have taxpayers recognize the fact that approximately 70 cents on the dollar is going to schools. He would be an advocate for the bill if the schools were clearly held to the same standards.

**REP. HARRINGTON** said it is his understanding that schools are not under this proposal and asked **REP. MESSMORE** her feeling on it. **REP. MESSMORE** stated that they are in the bill as a taxing authority. **REP. GILBERT** said that schools are a taxing authority, but schools are specifically exempted from I-105. They are treated as a different entity. HB 28, in the last session,

specifically took education out of I-105. **Dennis Burr** said it doesn't have anything to do with I-105. There is nothing in the bill that says you can't increase property tax revenue. It just states that you have to notify the public that they are going to increase property taxes. This applies to schools as well as cities and counties.

**REP. GILBERT** stated that in his county, property taxes were raised 52% as a result of HB 28. There school voted to give exactly what HB 518 would require. He sees nothing wrong in requiring more of the meetings.

**Closing by Sponsor:**

**REP. MESSMORE** stated her intention is to strengthen an existing law and offer the people an opportunity to comment on taxation with representation. She urged the committee's support.

**HEARING ON HB 543**

**Presentation and Opening Statement by Sponsor:**

**REP. DARKO, House District 2, Libby,** stated HB 543 clarifies an existing law for tax credits. It is needed because Libby encountered a problem. She was working with the Champion Mill and was very impressed with what Champion has done as far as involving the workers and hearing their needs.

Champion Mill has determined that if worker are not bother by things outside of the work place, then they are more productive. They have developed a multi-million dollar, world class fitness center. It has greatly reduced their medical and workers compensation costs.

A year ago, Champion authorized a task force for daycare. This daycare task force came up with the conclusion that the plant itself could offer daycare services for their workers that was better than anything offered in the community. In looking at the tax credit legislation that the Legislature passed several years ago, they thought it needed clarification in order for them to use the tax credit available.

**Proponents' Testimony:**

**Dixie Marchant, Champion International,** stated she was a back-up shift supervisor on the graveyard shift. It is very difficult, when late at night, an employee will call and say "I can't find a baby sitter and I can't come to work". Champion has made a great deal of effort to improve things for the workers. She provided pictures and a brochure as testimony. **EXHIBITS 3,4**

**Gerald Vignali, Champion International,** stated he has acted as a union employee for ten years and went on record in support of HB 543. He has seen first hand the hardships placed on parents who

do not have good child care. He was a single parent with two children for four years. In the future, he is in hopes that parents will have a secure child care option in place.

**Chloe Adamson, Champion International**, stated that when she started with Champion 25 years ago, she had four children under five years old. She is aware of the child care problems in Libby. In the supervisory part of her job, she has people who call her to say they can not find child care and can not come to work. She went on record in support for HB 543.

**Tucker Hill, Champion International**, stated the committee has heard from three members of the task force organized at the Libby facility to explore how child care might be provided on site for their employees. Many recommendations have been explored by the group including one to clarify the law to allow the employer to get a tax credit for the percentage of their cost. If approved, HB 543 will encourage employers to provide child care center for their employees. The tax credit allowed is not large. It is a good policy because it provides a reasonable incentive to perform a service that is needed for people who miss work. He provided testimony as to the services provided by Champion International.  
**EXHIBIT 5**

**Kate Cholewn, Montana Womens Lobby**, went on record in support of HB 543.

**REP. O'KEEFE** gave background on how HB 543 came about. He stated last session, they had a package of daycare incentive bill that went through the Taxation Committee, the Senate, and died or was vetoed by the Governor. Last session this bill was introduced in the Senate by **SEN. HALLIGAN**. When it came to the House, Line 23, Page 1, said 40% of the amount paid or incurred by the employer during the taxable year instead of 15%. **Dr. Nordvedt, Director of Revenue**, at the time; who had floor privileges when this bill came up for debate, said the Governor had threatened to veto it. **Dr. Nordvedt** and he literally made the adjustment from 40% to 15% on a last second amendment. Fifteen percent seems low for encouraging employers to provide these types of care. We are not asking for an adjustment of this. He may come into Executive Session with an amendment to Line 23 to encourage more businesses to take participation in this program seriously.

**REP. ELLIOTT** said he represents a portion of the people who work at the Libby mill. He stood in support of HB 543.

**REPS. STANG, WANZENRIED, and DOLEZAL** went on record in support of HB 543.

**Opponents' Testimony:** None

**Questions From Committee Members:** None

**Closing by Sponsor:**

REP. DARKO said what we see is big step being taken by a large corporation in our state. She thanked REP. O'KEEFE for wanting to make the incentive larger. Champion has not made a commitment with the economic market the way it is and the possibility of a shut down. It may be in the future. There is no other business or corporation in the state that provides daycare. Champion would be a leader. It benefits the workers directly and keeps the cost of the workers down.

**HEARING ON HB 547****Presentation and Opening Statement by Sponsor:**

REP. M. HANSON, House District 100, Ashland, stated HB 547 is the result of a lady in Rosebud County coming to her and saying "why do the school kids have to have a store license to sell hot dogs and hamburger at school functions"? HB 547 would exempt certain nonprofit groups and student groups from store license requirements for stores grossing \$1,500 or less a year.

**Proponents' Testimony:**

Jess Long, School Districts of Montana, stated they were in support of HB 547. He stated concerns that he had, one being the limit of \$1,500. It is easy for an elementary school of 500 children selling t-shirts to get up to this limit and make a small profit out of the sale. The gross makes it difficult because they do not yield great amounts of profit. High Schools are also impacted, such as the Junior Achievement. These children manufacture a product for themselves and go through the process of marketing it to the community. Profit amounts are very small, but they may spend a substantial number dollars to make it work. They can also get up to the \$1,500 gross very easily. He asked that the committee offer an amendment to make the \$1,500 limit substantially higher.

Susan Shankle, Montana Association of School Business Officials, stated without the passage of HB 547, student groups would be subjected to the store license fees. These groups are subjected to regulation and supervision in all fund raising activities. The DOR and OPI has provided detailed outlines and all activities are included in the laws of the school districts. These student groups are raising funds for projects or activities which would otherwise be supported by tax dollars. To require each group to purchase a store license for the purpose of generating revenue for the DOR is simply unjustified.

**Opponents' Testimony: None**

Questions From Committee Members:

REP. HARRINGTON asked REP. HANSON how many schools comply with these licenses. REP. HANSON said one of the problems is that the DOR has always enforced this issue. With this bill, at least the children would comply.

REP. FOSTER said the proponents testimony said that the \$1,500 limit is to small, and asked what amount should it be. Jess Long suggested that the \$1,500 be taken out entirely. The problem is the difference between the cost of the product and the gross amount which provides the profit to the school clubs are small. The gross is hit without making very much money.

REP. O'KEEFE said the problem he has with the bill is that in Lewis and Clark County, the Department of Health uses retail store licenses if food is involved, to make sure the public health and safety standards are being met. We may be taking away public health and safety and asked REP. HANSON to address this. REP. HANSON stated she didn't thing HB 547 would affect the health aspect except the Department might come in and ask for funds to enforce it.


Closing by Sponsor:


REP. M. HANSON said there was another bill introduced that would exempt store licenses from all nonprofit groups. She urged the committee's support.

Announcements: CHAIR HARRINGTON said that there were many committee members absent and he did not want to have Executive Session without everyone present.

ADJOURNMENT

Adjournment: 9:57 a.m.

  
DAN HARRINGTON, Chair

  
LOIS O'CONNOR, Secretary

# HOUSE OF REPRESENTATIVES

## TAXATION COMMITTEE

ROLL CALL

DATE

2/15/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓	✗	✗
REP. BOB REAM, VICE-CHAIRMAN			✓
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓		
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG			✓
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓		
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN		✗	✓
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE		✓	
REP. BOB RANEY	✓	✗	
REP. TED SCHYE			✓
REP. BARRY "SPOOK" STANG		✓	
REP. FRED THOMAS	✓	✗	
REP. DAVE WANZENRIED	✓	✗	



## Notice of Public Hearing on Increasing Property Taxes

The \_\_\_\_\_  
name of governing body  
of the \_\_\_\_\_  
name of taxing unit  
will hold a public hearing on a proposed  
increase of \_\_\_\_\_ mills in the operating tax  
rate  
millage rate to be levied in \_\_\_\_\_  
year

The hearing will be held on \_\_\_\_\_,  
day  
\_\_\_\_\_ at \_\_\_\_\_  
date time  
o'clock in the ☐ a.m. ☐ p.m. at

\_\_\_\_\_  
place—address

If adopted, the proposed additional millage will increase operating revenues from ad valorem property taxes \_\_\_\_\_% over such revenues generated by levies permitted without holding a hearing.

The taxing unit publishing this notice, and identified below, has complete authority to establish the number of mills to be levied from within its authorized millage rate.

This notice is published by:

\_\_\_\_\_  
name of taxing unit

\_\_\_\_\_  
address

\_\_\_\_\_  
address

\_\_\_\_\_  
telephone no.



EXHIBIT 2  
DATE 2-15-91  
HB 518

MONTANA STATE LEGISLATIVE COMMITTEE

CHAIRMAN  
Mrs. Molly L. Munro  
4022 6th Avenue South  
Great Falls, MT 59405  
(406) 727-5604

VICE CHAIRMAN  
Mr. Fred Patten  
1700 Knight  
Helena, MT 59601  
(406) 443-3696

SECRETARY  
Mrs. Dorothy Fitzpatrick  
Box 174  
Sunburst, MT 59482  
(406) 937-2451  
(406) 937-6789

February 15, 1991

To House Taxation Committee;

From: Alvin Svalstad - American Association of Retired Persons

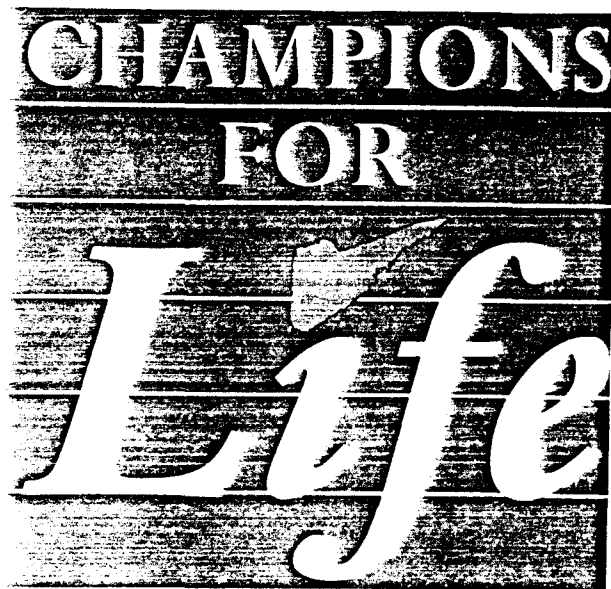
RE: HB No. 518 - An Act Governing the Budget of Property Tax  
Revenue that Exceeds a Taxing Authority's Property Tax Revenue  
of the Previous Fiscal Year; Requiring the Adoption of a  
Resolution to budget the Additional Revenue Following the  
Advertised Public Hearing.

The American Association of Retired Persons supports HB 518 -  
a bill to better inform the public of tax issues.

Exhibit 3 contains 20 photographs. The originals are stored at the Historical Society, 225 N. Roberts, Helena, MT. 406-444-4775.

EXHIBIT 4  
DATE 2-15-91  
HB 543

Champion's  
Health  
and  
Fitness  
Program



...a means t



**Champion**

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# UNDERSTANDING CHOLESTEROL

## *Cholesterol Control for Healthy Hearts*

HEALTH AND FITNESS DEPARTMENT  
DEBBIE FLANNERY  
HEALTH & FITNESS ADMINISTRATOR  
EUGENE KAY  
HEALTH & FITNESS SPECIALIST

HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB 518  
DATE 2/15/91 SPONSOR(S) Rep. Messmore  
PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOS
Brandon Beatty	MT Assoc of Realtors	✓	
Gordon Morris	MA Co.		
Claret Waller	MNA	✓	
Alvin B. Snelstad	AARP	✓	
Dennis Bussu	mt taxpayers assoc	✓	
Susan Froese	Stockport Woodport	✓	
JAMES Tutwiler	MT Chamber	✓	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS  
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

**HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER**

TAXATION COMMITTEE BILL NO. HB 543  
 DATE 2/15/91 SPONSOR(S) Rep. WARICO  
 PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Kate Cholewn	MT Womens Lobby	X	
Olga J. Adamson	Champion Libby	X	
Tucker Hill	Champion Int'l	X	
Duffie Marchant	Champion Dist	X	
Gerald Vignali	"	X	

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HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER

TAXATION COMMITTEE BILL NO. HB 547  
DATE 2/15/91 SPONSOR(S) Rep. M. Hanson  
PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Susan Shankle	MASBO	✓	
Jeff W Long	S. H 141	✓	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS  
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