

## **MINUTES**

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

#### **COMMITTEE ON PROPERTY TAX**

**Call to Order:** By **CHAIRMAN COHEN**, on March 12, 1991, at 8:10 AM

#### **ROLL CALL**

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

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

##### **Members Excused:**

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.

#### **DISCUSSION ON HB 312**

**REP. HOFFMAN** explained amendments. **Exhibit 1** HB 312 adds \$3 to the current motor vehicle license fee; the \$5 fee will become \$8, and the \$12 fee will become \$15. The rest of the amendments clean up additional statutes. This additional \$3 fee/vehicle will raise \$2.58 million annually for youth and district court costs. The amendments also include a sunset provision, which will allow the bill easier passage.

**REP. O'KEEFE** said the sunset provision will also give state agencies time to explore different funding sources besides a motor vehicle fee.

**REP. COHEN** clarified the amendments. Amendments 1 and 2 change the title, amendment 3 increases the current fee by \$3 and takes care of distribution, amendment 4 addresses the collection and deposit of funds.

**Motion/Vote:** **REP. HOFFMAN** moved the subcommittee **DO RECOMMEND** amendments 1,2 and 3 to the full committee. Motion carried 8 to

1.

REP. COHEN clarified amendment 4, which states excess money raised by this fee goes into the State Fund, from which it may be distributed to other counties. Amendment 5 strikes section 13 (appropriation) from the bill.

Motion/Vote: REP. HOFFMAN moved the subcommittee DO RECOMMEND amendments 4 and 5 to the full committee. Motion carried unanimously.

Mr. Heiman discussed effective and termination dates. The bill would normally become effective at the beginning of the fiscal year, because it involves an appropriation. Since it is no longer an appropriation but uses a vehicle fee, the effective date has been delayed. The bill will work as planned because the expenses that will need to be reimbursed do not begin until the bill is put into effect. This way, there will not be twelve months of expenses and only six months of receipts.

REP. HOFFMAN discussed the termination date. This sunset date will make passage through the legislature easier, and it will also put pressure on the State Bar or county attorneys to find a source of funding that is more closely related to the court system. REP. COHEN noted that a termination date does not necessitate a new solution.

REP. DOLEZAL asked whether a sunset provision would encourage organizations to find new funding, since renewal is likely to be the easiest solution. REP. THOMAS said providing a termination date will at least ensure that the funding source will be considered again.

REP. COHEN asked who would be looking for a new funding source: the Revenue Oversight Committee, Montana Association of Counties (MACO), or the State Bar? REP. HOFFMAN said both MACO and the State Bar would probably consider finding a new funding source.

REP. MCCAFFREE and REP. DOLEZAL stated they did not believe a termination date was necessary.

Motion/Vote: REP. SCHYE moved the subcommittee DO RECOMMEND the effective date only of amendment 5 to the full committee. Motion carried unanimously.

HB 312's termination date was not recommended.

REP. THOMAS asked for clarification of the distribution process. REP. HOFFMAN said the Department of Commerce is currently responsible for determining whether, according to the types of expenses allowed by statute, a court qualifies for funds from the reimbursement program. The difference with this bill is the cases covered will be civil, not criminal, and counties must satisfy the Department of Commerce that their mills have been

levied and those levied funds spent. If there is not enough money in the fund generated by HB 312's motor vehicle fee, the funds will be prorated among the counties.

**Mr. Heiman** said page 6, lines 6-7 could be deleted. The funding mechanism covered by this language has been moved to a different part of the bill, so this language is unnecessary. Committee approved the deletion unanimously.

**Motion/Vote:** **REP. COHEN** moved the subcommittee **DO RECOMMEND** HB 677 to the full committee. Motion carried unanimously.

**REP. O'KEEFE** asked if HB 312 does not pass as amended in committee, whether the amendments should be left off and the bill sent to appropriations. If the bill gets to the House floor and the fee increase is strongly opposed, should the increase be amended out so the bill will still pass and go on to appropriations? This is a large enough problem that even if the funding source is not approved, the bill should be passed, if only to recognize the problem. If the subcommittee does not want the bill to die, it must recommend that it be passed out of full committee, or off the House floor, without a funding source.

**REP. THOMAS** said nothing will be gained if the bill passes second reading, and then dies in appropriations.

**REP. SCHYE** and **REP. HOFFMAN** said they would rather see the bill die in second reading with the funding source left intact.

**REP. COHEN** said he would like to see HB 312 passed out of full committee as soon as possible.

#### **DISCUSSION ON HB 518**

**REP. CHAR MESSMORE** explained the bill, which will strengthen the Property Taxpayers' Information Act. When an area's property taxes will increase and its mill levies will not be lowered, the taxing authority (city, county or school district) must give notice and allow a forum for comment before that action takes place. Existing law calls for that notice to appear in the legal section of the newspaper classifieds; this bill states the notice must be in a more prominent position in the newspaper (i.e. a full-page notice). There were no opponents to HB 518 in committee. This measure would make taxpayers more aware of an increase in property tax with no decrease in mill levies; whether a taxing authority will change its position based on public opinion is still debatable. In Utah, where a similar law has been enacted, taxpayers have changed their average property tax increase from 12% to 3%.

**REP. COHEN** presented amendments, proposed by **Chuck Stern, Missoula Finance Officer**. Amendment 1 changes "based upon," page 3, line 4-6, to "after considering." The former language may require the taxing authority to limit its decisions

to comments made in the public hearing. The latter does not include this possibility, and also allows all information concerning proposed increases to be combined into one public notice.

REP. HOFFMAN said the language stricken by Amendment 1 is standard legal language; however, there is no problem with the inserted language.

Motion/Vote: REP. THOMAS moved the subcommittee DO RECOMMEND the amendments to the full committee. Motion carried unanimously.

REP. MCCAFFREE said present law requires publishing budget increases, and also requires the county to publish information concerning whether it has exceeded its mill levies. HB 518 would be an additional cost.

REP. MESSMORE said the cost of publishing information required by HB 518 would be between \$6 and \$20.

REP. COHEN said current law allows room for deception. HB 518 would at least clarify the general public's view of what the taxing authority is doing.

REP. HOFFMAN asked whether this bill would require each taxing authority (including school districts) to publish a notice every time there is a budget increase, whether in valuation or mills. This could mean ten pages of newspaper ads in a year's budgeting process. Will one entity need to publish three or four different notices? Mr. Heiman replied each taxing unit would need to publish a separate notice, but only for its budget. Each taxing authority only has one budget. There must be a county budget meeting, and the county then holds a hearing on which funds are decreasing and which are increasing. The notice of the budget meeting could be published in conjunction with the notice for the increase/decrease meeting, and the two meetings could be held at the same time.

REP. SCHYE said before 1985, all the counties were required by the right-to-know law to publish their complete budgets in the newspaper. HB 518 is trying to piecemeal the right-to-know law back into place.

Motion/Vote: REP. THOMAS moved the subcommittee DO RECOMMEND HB 518 as amended to the full committee. Motion carried 7 to 2.

#### DISCUSSION ON HB 677

REP. STEVE BENEDICT explained amendments. The amendments provide for the establishment of a county-appointed board that would be in charge of administration and coordination of the adult literacy program, and also clarify the term "adult literacy." The Office of Public Instruction (OPI) was concerned

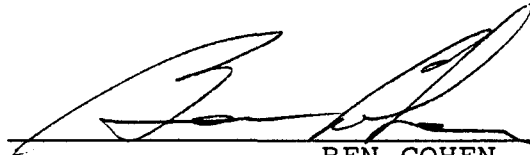
that the adult literacy program would compete with K-12 schooling; the amendments state that "adult" means a person "at least 19 years of age" whose high school class has already graduated. OPI is satisfied with these amendments.

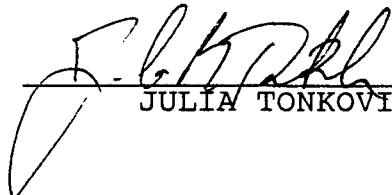
**Motion/Vote:** REP. HOFFMAN moved the subcommittee DO RECOMMEND the amendments to the full committee. Motion carried unanimously.

Further consideration on HB 677 postponed until March 13, 1991.

**ADJOURNMENT**

Adjournment: 8:53 AM

  
BEN COHEN, Chair

  
JULIA TONKOVICH, Secretary

BC/jmt

# HOUSE OF REPRESENTATIVES

## PROPERTY TAX SUBCOMMITTEE

ROLL CALL

DATE

3/12/91

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			

EXHIBIT 1  
DATE 3/12/91  
HB 312  
Prop. Tax  
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Amendments to House Bill No. 312  
First Reading Copy

Requested by Property Tax Subcommittee  
For the Committee on Taxation

Prepared by Lee Heiman  
March 8, 1991

1. Title, lines 9 and 10.

Strike: "PROVIDE AN APPROPRIATION FOR"

Insert: "INCREASE THE REGISTRATION FEES FOR AUTOMOBILES, LIGHT  
TRUCKS, MOTORCYCLES, QUADRICYCLES, AND LIGHT TRAILERS BY \$3  
TO FUND"

2. Title, line 12.

Following: "46-8-202,"

Insert: "61-3-321, 61-3-325,"

3. Page 15.

Following: line 12

Insert: "Section 12. Section 61-3-321, MCA, is amended to read:

**"61-3-321. Registration fees of vehicles -- public-  
owned vehicles exempt from license or registration fees --  
disposition of fees. (1) Registration or license fees must  
be paid upon registration or reregistration of motor  
vehicles, trailers, housetrailers, and semitrailers, in  
accordance with this chapter, as follows:**

(a) motor vehicles weighing 2,850 pounds or under  
(other than motortrucks), ~~\$5~~ \$8;

(b) motor vehicles weighing over 2,850 pounds (other  
than motortrucks), ~~\$10~~ \$13;

(c) electrically driven passenger vehicles, \$10;

(d) all motorcycles and quadricycles, ~~\$2~~ \$5;

(e) tractors and/or trucks, \$10;

(f) buses are classed as motortrucks and licensed  
accordingly;

(g) trailers and semitrailers less than 2,500 pounds  
maximum gross loaded weight and housetrailers of all  
weights, ~~\$2~~ \$5;

(h) trailers and semitrailers over 2,500 up to 6,000  
pounds maximum gross loaded weight (except housetrailers),  
\$5;

(i) trailers and semitrailers over 6,000 pounds  
maximum gross loaded weight, \$10;

(j) trailers used exclusively in the transportation of  
logs in the forest or in the transportation of oil and gas  
well machinery, road machinery, or bridge materials, new and  
secondhand, \$15 annually, regardless of size or capacity.

(2) All rates are 25% higher for motor vehicles,  
trailers, and semitrailers not equipped with pneumatic  
tires.

(3) "Tractor", as specified in this section, means any  
motor vehicle, except passenger cars, used for towing a

trailer or semitrailer.

(4) If any motor vehicle, housetrailer, trailer, or semitrailer is originally registered 6 months after the time of registration as set by law, the registration or license fee for the remainder of the year is one-half of the regular fee.

(5) An additional fee of \$5.25 per year for each registration of a vehicle must be collected as a registration fee. Revenue from this fee must be forwarded by the respective county treasurers to the state treasurer for deposit in the general fund. The department of justice shall distribute 25 cents from each fee collected to the highway patrol retirement fund.

(6) A fee of \$2 for each set of new number plates must be collected when number plates provided for under 61-3-332(3) are issued. Revenue from this fee must be deposited as provided in subsection (5).

(7) The provisions of this part with respect to the payment of registration fees do not apply to and are not binding upon motor vehicles, trailers or semitrailers, or tractors owned or controlled by the United States of America or any state, county, or city.

(8) The provisions of this section relating to the payment of registration fees or new number plate fees do not apply when number plates are transferred to a replacement vehicle under 61-3-317, 61-3-332, or 61-3-335.

(9) The county treasurer shall deduct \$3 as a district court fee from the fee collected in subsections (1)(a), (1)(b), (1)(d), and (1)(g). The county treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount in the account to the state treasurer at the time the county treasurer distributes the motor vehicle suspend fund. The state treasurer shall credit that amount to the general fund to be used for purposes of state funding of district court expenses as provided in 3-5-901 and [section 5]."

**Section 13.** Section 61-3-325, MCA, is amended to read:

**"61-3-325. Vehicles subject to staggered registration -- fees and taxes -- disposition.** (1) Any motor vehicle in the fleet that is subject to staggered registration under 61-3-313 through 61-3-316 may be registered as part of the fleet on the following fleet renewal date. The department of highways shall collect the remaining fees and taxes due for the registration year after crediting the registrant for the period that was previously paid.

(2) (a) The department of highways shall compute fees and taxes due on each motor vehicle in the fleet as provided in part 5 of this chapter, based on its domicile.

(b) The department of highways shall also collect a registration fee of \$7.50 for each motor vehicle in the fleet in lieu of the registration fee provided for in 61-3-321. The department shall retain \$4.50 of each registration fee for administrative costs and forward the remaining \$3 to



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the state treasurer for deposit in the general fund in lieu of the fee provided in 61-3-321(5). The department of highways shall deduct the \$3 district court fee on applicable vehicle registration fees as provided in 61-3-321(9) and forward that amount to the state treasurer who shall credit that amount to the general fund to be used for the purposes of state funding of district court expenses as provided in 3-5-901 and [section 5].

(c) All fees and taxes must be paid no later than February 15 each year.

(d) The fees and taxes collected must be distributed by the department of highways as provided in 61-3-321 and part 5 of this chapter, based on the domicile of each motor vehicle.""

Renumber: subsequent sections

4. Page 16, line 16.

Following: "~~collected.~~"

Insert: "Any amount forwarded to the state treasurer under this subsection that is not used for district court expenses must be refunded to the counties in the proportion that the amount collected from each county bears to the total amount collected."

5. Page 16, line 17 through page 17 line 6.

Strike: section 13 in its entirety

Renumber: subsequent sections

Effective Date changed to Jan. 1, 1992 to allow for full year of registration fee cycle -- termination date.

6. Title, line 14.

Following: "PROVIDING"

Strike: "AN"

Insert: "A DELAYED"

Following: "DATE"

Strike: "AND"

Insert: ", "

7. Title, line 15.

Following: "DATE"

Insert: ", AND A TERMINATION DATE"

8. Page 17, line 10.

Following: "applicability"

Insert: "-- termination"

Following: "applicability."

Insert: "(1)"

Strike: "July"

Insert: "January"

Strike: "1991"

Insert: "1992"

9. Page 17, line 11.

Strike: "June"

Insert: "December"

10. Page 17, line 12.

Strike: "1991"

Following: "1992"

11. Page 17.

Following: line 12

Insert: "(2) [This act] terminates December 31, 1994."