

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

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

ROLL CALL

Members Present:

Dan Harrington, Chairman (D)
Bob Ream, Vice-Chairman (D)
Ben Cohen, Vice-Chair (D)
Ed Dolezal (D)
Jim Elliott (D)
Orval Ellison (R)
Russell Fagg (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)
Ted Schye (D)
Barry "Spook" Stang (D)
Fred Thomas (R)
Dave Wanzenried (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 885

Presentation and Opening Statement by Sponsor:

REP. NISBET, House District 35, Great Falls, stated HB 885 repeals the sales assessment ratio law (HB 703) that was used to adjust the values of certain property for tax purposes. In October of 1990, the Montana Supreme Court ruled in the case of DOR vs Barron. **EXHIBIT 1**

Page 8 of the report states that the provisions of 15-7-111, MCA, relating to the stratified sales assessment ratio studies of the

residential property situated in Area 2.1 (Great Falls Downtown) as conducted and applied by the DOR are invalid because they violate state constitutional and statutory provisions which require general and uniform appraises, assessment and equalization of all taxable property in the state.

There is no question that the sales assessment ratio is unconstitutional and should be repealed. He realizes there are other bills before the Legislature that also address this problem. In the event that none of those bill are successful, he believes that it is necessary for this Legislature to remove that section of the law that has been named unconstitutional.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members:

REP. COHEN asked if there were any comments from DOR. Judy Ripplingale, DOR, stated that HB 885 is contrary to the Departments approach to correcting the sales assessment ratio study problem. It does not address the 1988 and 1990 sales assessment ratio studies adjustments that affect the current property value. This is a problem given the Montana Supreme Court ruling in Barron vs DOR that the ratio adjustments were unconstitutional. The court identified with the 1990 adjusted values and will be asked to take some additional action. If values are pulled back to the 1986 level, the DOR will have a problem with new construction which is valued at the 1982 base value level. Base values cannot be adjusted using the pre-1991 adjustments because the law won't exist. Therefore, new construction will be a different assessment levels than other properties.

The constitutional issue raised is the requirement that all property values be equalized. The reason that this legislation was enacted in the first place was to equalize values between different areas in the state which were affected by different economic conditions. Without reappraisals on a more regular basis or some mechanism to adjust between appraisals, the property tax system is susceptible to constitutional arguments. The DOR feels that the proposal in SEN. CRIPPEN'S bill (SB 412) to deal with this problem is a much better solution.

REP. M. HANSON said that in looking at the fiscal note, it looks like a relief bill for Flathead, Cascade, Missoula, Gallatin, and Butte Silver Bow Counties; and asked REP. NISBET what was happening and if these counties get a reduction and the rest of the counties get bumped up to make the revenue equal. REP. NISBET said that if all we do is repeal the sales assessment ratio process, we will go back to the way it was before the passage of HB 703.

Closing by Sponsor:

REP. NISBET said that some action has to be taken. In the event that none is, this bill is a cleanup of the statutes.

HEARING ON HB 884**Presentation and Opening Statement by Sponsor:**

REP. S. RICE, House District 36, Great Falls, said that in this Legislature, we have heard words such as fairness and equality. Sometime those words are meaningless; but in HB 884, they take on great meaning.

HB 884 deals with a lawsuit that resulted from the passage of HB 703. HB 703 was declared invalid because it violated the State Constitution and statutory provisions that require general uniform appraisals of assessment and equalization of property taxes in the state. Further, it violates the Constitution's requirements for equal protection and due process because there was no method of appeal. What we are talking about is fairness and equal protection and due process.

The most noticeable part of HB 884 is the price tag. It will cost local and state governments \$6 million. She proposes that HB 884 is a classic case of "you can pay it now or pay it later". We get threats of law suits in this Legislature all the time. There is no threat of a lawsuit is HB 703; there is a law suit is HB 703. One hundred and sixty six property owners in Great Falls have filed a class action lawsuit for the refund of the unconstitutional taxes paid under HB 703.

In researching the proposal for HB 884, she talked to an attorney who carried a successful lawsuit against HB 703. He is planning a class action suit in federal court again for refunds of the unconstitutional taxes collected under HB 703.

The DOR suggested amendments that she would accept as friendly amendments to HB 884. They basically suggest that instead of having the DOR set up the refund mechanism, it would be at the county level. She suggested, in the interest of compromise, to further amend HB 884. The bill proposes a three year refund of taxes unconstitutionally paid. We could look at a longer period of time to lessen the affect of the bill on local governments. Perhaps, we should look at a separate funding source so that it is not the county, city, or school districts that are affected. Who created this problem? It was the State of Montana. The state, since 1972, has had the responsibility for the accuracy of assessments; and the state passed HB 703. Perhaps we should look at a state funding source to keep the local governments whole.

This could be a relief bill for the counties who would benefit from HB 884. She considers it a fairness and equality issue. We

have an unconstitutional bill and the Supreme Court permitted unconstitutional taxes to be collected. None of us would tolerate that and she proposed HB 884.

Proponents' Testimony:

REP. NISBET, Great Falls, stated HB 884 is a bill that would, in a sense, "make whole" those taxpayers who experienced unconstitutional adjustments in their property assessments that resulted in much higher taxes. These people have been wronged and they deserve to be compensated for this.

Opponents' Testimony:

Patricia Cook, Montana County Treasurers Association, stated that she had no problem with whether the sales ratio adjustment was right or wrong. She is defending the county treasurers and the method proposed to refund the money. The credits in HB 884 can be applied for relating to this sales ratio increase for the tax year 1990. Taxpayers can apply for this credit through December 31, 1993; and they can receive as many as three credits. They can use one a year and they can be redeemed until December 31, 1998. This applies to land, buildings, and mobile homes only.

Taxes are due in two halves. One credit can be used in a year. It is conceivable that their would be a credit that would be larger than one half of the taxes due. How would these apply to delinquent taxes. It is basically a refund and the refund is being made in a different year than the taxes were collected.

HB 884 asks them to report to the taxing entities the amount of money being paid with the tax credit certificates. This is impossible to deal with. It would cost the counties much money for administration and computer changes. It also gives DOR the rule making authority which is very tough for the treasurers to deal with on how this is to be handled. She feels that if this is necessary, there should be a better method of making the refunds. She urged to committee to Do Not Pass HB 884.

Gordon Morris, Montana Association of Counties, spoke to a comment made by **REP. S. RICE** in the possibility of this Legislature addressing the problem by establishing a mechanism for separately funding the refunds triggered by the unconstitutionality of HB 703. He says this based upon what he assumes to be a slight precedence in this case.

A few years ago, their was a similar case relative to livestock taxes. It was suggested that the livestock taxes were an unconstitutional business inventory tax. During that process, the counties had an opinion written for them because their basic concern was that if the livestock taxes were in fact determined to be unconstitutional, their were to be refunds triggered as a result of the decision. We wanted to know who would have the liability for the refunds. The opinion stated that the liability

lied totally with the state based upon the fact that the money had been collected through no fault of the local governments. Their opinion was valid then and it is valid now. He suggested that the committee pursue some state source of refunding the \$6.3 million that was collected illegally.

Larry Fasbender, Cascade County, stated that Cascade County does have a real problem as far as the HB 884 is concerned, if they are the ones who are going to have to provide the credits. If **Gordon Morris's** suggestion should work out, that would cast a different light on things in the fact that the state would have to pick up the cost. Either way, someone will have to pay for HB 884. Who pays the bill is extremely important as far as Cascade County is concerned. All local governments are under a severe situation because of the restrictions of I-105. They are looking for funds in order to operate government and are not in a position to be giving rebates. What the local governments need is more money to operate. HB 884 is going in the opposite direction, and urged the committee to not pass the bill.

Dave Anderson, Jefferson County Commissioner, stood in opposition to HB 884 for reasons that have already been stated. When HB 703 was implemented, questions on the workability of it were asked. County commissioners were told to live with it and they did. Now, HB 884 is introduced to put the responsibility back on local governments. Local governments can not afford to pay for the states mistakes.

Susan Miller, Jefferson County Treasurer, went on record in opposition to HB 884. EXHIBIT 2

Questions From Committee Members:

REP. McCAFFREE asked **Judy Rippingale** to explain Page 2, Line 25 where it states that the DOR may adopt rules to allow electronic administration of certificates on tax credits. **Ms. Rippingale** stated that they are working on electronic fund transfers for all types of taxes. It may relate to that. **REP. McCAFFREE** asked if this would require new programming in the county computer system. **Ms. Rippingale** said that she believed that it would and would be extremely costly to the state and local governments.

REP. GILBERT asked **REP. S. RICE** if she had any response to the treasurer's concerns especially to the portion where people apply for tax credit on delinquent taxes. **REP. RICE** said the these would definitely be tax credits that are applied to previous years taxes. She left the bill fairly fluent and the rule making up to the DOR because she felt that was the proper place. They implement HB 703 and she thought they would have the ability to unimplement HB 703 also. The treasurers have a very valid concerns. That is why she suggested the change in the funding mechanism. She also feels that if the state used a computer to implement HB 703, then there should be a way to reverse it through the computer.

REP. GILBERT asked REP. RICE if she was going back to the 1982 base. REP. RICE said that she agrees with the Supreme Court in that the state created an unconstitutional bill which created unconstitutional taxes. REP. GILBERT asked if she would acknowledge that in many instances in Great Falls, those homes are underassessed and the owners are paying less taxes than what they should be. REP. RICE said no. REP. GILBERT said that the Supreme Court indeed said that some of the houses were underassessed. The problem was the method the DOR used to set up the regions of taxing. REP. RICE said if you read through the Supreme Court decision, they found that there was a fair number of homes already over assessed. REP. GILBERT said that he had no problem issuing credits if it is indeed an over taxation; but when property has been undervalued and you want to still issue credits, he has problems with that. That is what he feels HB 884 is doing.

REP. McCAFFREE asked Patricia Cook if it would be easier for her office to make a refund rather than issuing the credits. Ms. Cook said that it would be easier for her but as far as budgeting goes she would have to leave that up to the county commissioner. She feels there budget is based on the taxable value which would not include the refunds. That is why she asked if the taxable value could be readjusted. REP. McCAFFREE asked REP. RICE if she had any problem with what he just proposed. REP. RICE said no. The important thing is to have the unconstitutional collected taxes returned to the taxpayer.

Closing by Sponsor:

REP. S. RICE said that all of the opponents were from the county, and they would of course be in opposition to HB 884. They are the ones that will have to come up with the money and find the mechanism if we accept the DOR proposal that it does go back to the county. She is proposing, under HB 884, a orderly method of refunding this money. If we lose the court case, there may not be a order fashion. It is our purveyance as Legislators to look ahead and say this is how we want this to be resolved.

The state offers income tax credits for sales adjustments ratios that are higher than 10%. The opponents made it clear that they feel the liability lies with the state. It is fair and equal protection that this bill be passed. She asked that the committee hold the bill so that it can be worked on before taking action on it.

She knocked on 6,000 houses in her district. They do not mind paying their fair share, but they do mind greatly paying property tax assessments that are based on the sales price of another house and not their own. She asked the committee to think of their own constituents and if they would agree with having an unfair tax assessment and having to pay unconstitutional taxes. The answer is no. She urged the committee's support.

HEARING ON HB 850Presentation and Opening Statement by Sponsor:

REP. THOMAS, House District 62, Stevensville, stated that there is a great concern throughout Montana about growth in taxes and government expenditures. They feel that these are out of control. In 1986, we saw CI 27 which would have eliminated all property taxes in Montana. It nearly passed and at the same time the public did vote to freeze property taxes (I-105). In 1990, we saw the public consider CI 55 which would have eliminated all tax collections and implement a 1% transaction tax. There is a desire across the state that something needs to be done.

HB 850 has the elements to the Montana tax solution. (1) it limits state spending and all other governmental units to prior revenue raised adjusted by CPI or population. It affects all government in the state. With such a constitutional amendment, we are putting the priority with citizens of this state versus the priority with government growth at what ever rate they can get.

This proposal concentrates on accountability. One where true prioritization of government services must be done through review and scrutiny of all future programs in that they be fully funded and take care of the real needs of Montanans.

There is a conceptual idea that can be done to HB 850: to make all schools in the state one governmental unit. In doing this, you would equalize funding in education. This proposal isn't a spenders plan, it doesn't allow for unbridled spending for governments sake, and it is not government accommodating government. This proposal says that you live within inflationary or population increases. It says that you will budget like every household in Montana does. You live and spend within your income. HB 850 will substantially improve Montana's confidence in its government if it is passed and placed on the ballot. This is an opportunity for the Legislature to do something that is progressive and wholesome.

Proponents' Testimony:

Riley Johnson, NIFB, said that HB 850 states that the people of the state are given the opportunity to vote on this. You will not be making the decision yourself. In 1989, this question was asked of the members of his organization. It was asked that they submit a constitutional amendment to the voters to limit state and local government spending and taxation. The question went out to 6,000 members. Seventy eight percent are in favor is submitting this issue to the people, 14% were against it, and 8% were undecided. This is very clearly a mandate to the legislature to offer this to the people and let them vote on it.

Charles Brooks, Montana Retail Association, stated that the time has come for the citizens of this state to have the opportunity to vote on an issue of this nature. Members of his association having been calling expressing their deep concerns about the continued increase in taxes and the expansion of state government. He urged the committee to give the citizens an opportunity to express their desire to see the taxation and expansion of state government be brought under control.

Charles Brooke, Governor's Office, said that at the end of this session, the Legislature would be approving the largest budget in the state. The budget has doubled over the last 10 years. At the same time the population in the state has remained static. The time has come to take the issue back to the voters of Montana.

Dennis Burr, Montana Taxpayers Association, said that when this type of amendment appeared in the past session, he opposed it because he didn't think the amendment had the flexibility to be constitutional language which would allow the state and local governments to react to changing conditions of the time. HB 850 has improved on past initiatives and this is worthy of the committee's consideration.

HB 850 allows the governments to adjust the revenue raising limits by consumer price indexes or population. The problem with past initiatives is that they tended to limit each level of government in some way and not allow functions to transfer between levels of government. This initiative provides that if responsibilities are transferred between governments and that the limits are adjusted as a result of this. It also provides that if a new government unit is formed that limits are established for it. For these reasons, this initiative is a vast improvement over those seen in the past. It will provide the population the chance to vote on the spending and taxing limitations that will not result in extreme hardships on government, but will show support for limiting government spending.

Buck Boles, Montana Chamber of Commerce, stated that over the last 1 1/2 years, they have had a subcommittee addressing this issue. It is a difficult problem to get a handle on spending limitations. HB 850 would provide the stability and predictability of what the tax burden will be in the state. It is important to economic development that this be in place. One of the first steps that must be taken for comprehensive tax reform is to insure the people that you are not after more money. That there is going to be some control over what the state government can spend. He suggested that the people vote on this and let them decide if they want the limitations.

Leon Stalcup, Montana Restaurant Association, supported the concepts of HB 850. The approval by Montana voters of citizen initiatives in 1980 prevented inflation from increasing state

income taxes and in 1986 decreased property taxes, demonstrate the citizens want and deserve affective controls in the growth of government and taxes. Montana needs a mechanism in controlling increases in local and state government expenditures.

Bill Stevens, Montana Food Distributors Association, stood in support of HB 850.

Opponents' Testimony:

REP. COHEN, Whitefish, stated that his blood pressure is very high at this moment. He said that this bill panders to the worst of the people of Montana. It is an attempt to politicize this Legislature and it is an attempt to make sure that we remain a second rate community. It would make sure that we can not pave the roads in communities like Columbia Falls. He heard the proposal that we should have a statewide school districts. This is what Mississippi has and is that the direction we want to take the state in.

He meets many Canadians in Whitefish; and without exception, they tell him how much they enjoy the rural nature of Montana. When he tries to pin them down on what the rural nature was, it was best expressed by a women he met at the ski area. She stated that she had grown up in Pennsylvania and never dreamed about moving to Montana. There were no jobs she was interested in here so she moved to Alberta. She said that in coming from Alberta to Montana was like going from Pennsylvania to West Virginia. Is this what we want for our state--to be an underdeveloped rural state where the people are poor, where there is a poor education system, where we have unpaved roads, or no public services.

The language in HB 850 doesn't look like constitutional language. This bill would make it impossible for the us to meet the obligations that we have in the Montana Constitution. This is an attempt to pander to the greed of selfish people; many of whom would like to see this state nothing but a camp for urban areas of the nation and used to export resources to them. In the end, there will be nothing left for Montana. This is exactly the wrong direction that this state should be going in and hoped the committee sees fit to bury this suggestion so that this Legislature can move forward in the bi-partisan, positive framework that we have had.

Eric Feaver, Montana Education Association, stated that he is leery of government by initiatives and referendum. If the citizens are not leery of these initiatives, then let them find the solutions otherwise let the Legislature do its job which it is constitutionally empowered to do. We have too much initiative and referendums and not enough Legislative responsibility.

HB 850 has many exceptions as stated on Page 2, Lines 2-16. The bill proposes "limited revenue" to all of these revenues received by a governmental unit. He likes all the exceptions but he

doesn't feel that they are all inclusive.

The schools would like to get cost of living increases for school funding. If this Legislature is ready to adopt a school foundation program, they might be getting close to covering the cost of living. CPI is not a good indicator of what it cost them to do business in public schools.

Page 3, Lines 9,10,11, speaks to when a new governmental unit is created. When a new unit is created by this proposal, then that new unit will be funded by an act of the Legislature, but all of the existing units will get reduced by the proposal. This is an interesting way to do business. Lines 13,14, is a open invitation to consolidation. It will allow consolidated units to combine their revenue authority. Lines 20 - 25 is an open invitation for the Board of Education to adopt standards that will cause school districts to spend money.

Page 4 (c) states if a governmental revenue exceeds its revenue limit, the excess shall be refunded to taxpayers pursuant to law. This will keep them busy. Lines 10,11,12, is an open invitation for the attorney's to sharpen their pencils. Lines 18,19,20,21, says that what ever this Legislature does regarding tax policy is null and void upon the adoption of this proposal. Why have a 1991 Legislature? This repeals anything associated with taxes that happens between January 1,1990 and June 30, 1993.

He doubts that most voter read the information regarding these initiatives and referendum. Page 5 says that all they will be voting on is "for limiting government spending and tax collections" or "against limiting government spending and tax collections". All of the issue he has raised, will not be on the ballot. He urged the committee to Do Not Pass HB 850.

REP. ELLIOTT, Trout Creek, thought it curious to see that the proponents of HB 850 where the representative of the businesses in the state and asked the people of the state to vote on an initiative that they thought was just swell. He was annoyed because what they had to tell the committee was irresponsible. Their message is that taxes are out of control in the state. There is nothing new in that, but he thinks they should tell the people the true story.

Montana placed lowest in the nation on individual tax burdens. The average burden being \$370 per living unit. The U.S. rates lowest in the world in tax burdens among all industrialized nations. These people are doing business in the state with the lowest individual tax burden in a nation with the lowest individual tax burden.

The message here is that state spending is out of control. This is familiar language also. Two years ago, **Ken Nordvedt, DOR**, said that state spending was out of control and **REP. BARDANOUE** was very disturbed by that. He went to the LFA and had them run

numbers. What he wanted to know was, is this true. The numbers came back and REP. BARDANOUVE was shocked because the rate of growth in the gross state product exceeded the rate of growth in state spending. State spending in Montana has declined in proportion to the gross state product. The proponents are the representative of business. REP. ELLIOTT is going to speak on behalf of the private citizens who pay taxes in the state. He echoed a statement by one of the richest constituents in his district who said "I am proud and willing to pay taxes for the privilege of living in the state of Montana".

Samantha Sanchez, Montana Alliance for Progressive Policy, said that determining budget levels and priorities is the single most important ongoing function that the Legislature does. If you do nothing else, you must pass a budget bill. This amendment were it adopted would complicate this by requiring a 2/3 vote instead of a 51% vote. The real issue is not whether we want big government, but whether a minority of 34% should be allowed to control the budget process. Thirty four percent can stop a budget bill from going through. This gives the minority far greater power than the voters of Montana have given them. She urged the committee to not pass HB 850.

Shelly Laine, City of Helena, said that the city commission opposes HB 850. Cities and towns already struggle with the provisions of I-105. It becomes increasingly difficult to provide even the basic services with staggering and declining revenues. HB 850 is even worse because it not only attaches revenues but all other revenues as well. She urged to committee to not pass HB 850.

Linda Stoll-Anderson, Lewis and Clark County Commissioner, stood in opposition to HB 850.

Questions From Committee Members:

CHAIR HARRINGTON wanted to asked a question of Chuck Brooke, DOC, Governor's Office,. Mr. Brooke was unavailable to answer questions for the committee as he needed to be in three other meetings. CHAIR HARRINGTON wanted him found and brought back to the meeting. When the Administration come to the meetings they are suppose to stay after they make a comment.

REP. REAM said that he came in and chaired the session starting this morning and REP. THOMAS asked him if he could move HB 850 up. He asked REP. THOMAS how long it would take and he estimated 5 to 10 minutes. It made him angry that REP. THOMAS has this media circus for a garbage bill and that is why he wanted it moved up. REP. REAM said HB 850 was important enough for Mr. Brooke to testify; he could have stayed for the questions.

CHAIR HARRINGTON told REP. THOMAS that he could answer the questions on the Administrations behalf. CHAIR HARRINGTON said

that the university system says that they are underfunded this session and that there will be major cutbacks if there is not money put into them. The Governor's budget advertises a 0 - 0 for K - 12, state employees are concerned that the amount of money proposed to them is inadequate, and on top of that, after their first budget comes in, the Administration comes in under government services and throw another \$15 million on top because they under estimated. Then they turn around and say that they are not taxing the people, and the first bill they introduce is to tax retirees. This is exactly what it is because it is part of the Administration's budget and he asked REP. THOMAS to respond to this. REP. THOMAS said that as he tried to explain, Mr. Brooke, DOC, had three committee hearings this morning, and he doesn't know what to tell the committee other than Mr. Brooke is trying to go back and forth between meetings. This is why he asked REP. REAM to move the hearing on HB 850 up. This is not the time to discuss the whole budget package, but he is ready to discuss the whole executive budget proposed versus the requests by government.

REP. COHEN said that HB 850 calls for CPI adjustments to budgets and he asked REP. THOMAS if he would endorse CPI adjustments for our state budgets, school equalization fund, and local governments. REP. THOMAS said yes in order to keep up with inflation in the future.

CHAIR HARRINGTON said that Mr. Brooke, DOC, Governor's Office, had returned and informed him that it is customary to remain to answer questions. Mr. Brooke apologized.

CHAIR HARRINGTON said the problem is that HB 850 has been very politicized. He asked Mr. Brooke the previous question that was asked REP. THOMAS. Mr. Brooke said that their position is that if you adopt the Executive Budget as recommended, they would be more than happy that there will be more than adequate funding for the university system and an adequate pay raise for state employees. There were factors that came in and caused them to induce the ending fund balance. Our position still is that the Executive Budget is intact; and if passed as proposed, there will be a more than adequate ending fund balance. CHAIR HARRINGTON said that Mr. Brooke did not answer the question of taxing the retirees as part of the Governor's Budget. Mr. Brooke said that the Administration is doing this in response to a court mandate to maintain the fair taxation across the board for all retirees. CHAIR HARRINGTON asked Mr. Brooke if he thought it was fair taxation to increase taxes by \$20 million on these people and then claim that the Administration is not raising taxes. That is the Administration's decision. The court did not say that this decision had to be made. Mr. Brooke said the issue is whether you are going to tax all retirees or not tax retirees.

Closing by Sponsor:

REP. THOMAS said there has been a heated discussion which he didn't intend to bring on. He believes that the public will examine the whole document, if it is put on the ballot, and say yea or nay to it.

HEARING ON HB 859**Presentation and Opening Statement by Sponsor:**

REP. DOWELL, House District 5, Kalispell, stated that HB 859 allows for teachers to take a tax credit for donating the use of computers and computer software to school districts. He said that he teaches in a small rural school. Until last year, his students had no opportunity to work with computers. They have two computers for 155 students. In contrast, he has spent time in the Kalispell schools, and seen computer software in every classroom.

Our society is moving toward computers and computer literacy. Unless we start treating our children with the respect that we owe them and give them the education, so that when they do leave school, they have these kinds of skills; we will be doing them a grave disservice.

Proponents' Testimony:

Ed Jasmin, Norwest Bank, Helena, stated that the Norwest Bank system has been rated in the Computer World Magazine as the tenth company in the U.S. in computer ease and use. All employees have a computer system on their desks. Norwest Bank, through OPI, participate in a program called Business School Partnership. Their particular school is Warren School. The bottom line of the program is give the students the tools to want to succeed.

Nancy Coopersmith, OPI, said HB 859 would provide tax incentives for teachers who donate the use of their personal computers to classrooms. She talked to the committee about the importance of computers.

Montana schools have made great strides in providing computers for students. In 1987, we found that there was one computer for every 20 students. Today, there is one computer for every 15 students. She hoped that 15 members of the committee would not have to share a pencil or budget book.

While Montana schools have made great strides, we still encourage the use of computers in the classrooms because computer assisted instruction has proven to be an effective instructional tool. Computers also allow students and teachers from every part of the state to communicate with their counterparts in other parts of the state. Computers allow teachers to become more efficient by

providing a tool which can assist with instructional management and communicating with parents. When teachers are more efficient through the use of computers, they have more time for interactive instruction with the students. She urged the committee's support of HB 859.

Eric Feaver, Montana Education Association, stated HB 859 is an excellent piece of legislation. Schools are hard pressed to provide many services much less provide basic tools of instruction. This bill will give this Legislature the opportunity to drive the message to teachers that you have an incentive provided to you if you bring that essential tool into the classroom.

Opponents' Testimony:

Samantha Sanchez, MAPP, said she was both a proponent and an opponent. She is in favor of computers in the classroom but the problem is in the funding mechanism. Teachers would be entitled to a tax credit of \$800 for three years for a total of \$2,400. A teacher can also, upon making a contribution to a governmental entity, take a tax deduction against their federal and state income taxes. We have a triple dip situation. A teacher who is purchasing a \$2,400 computer and donating it to their school, would be able to save \$3,118 in taxes. That is alot for the government to pay for a \$2,400 computer. There must be a cheaper way to put computers in the classrooms without making them a tax shelter.

Tom Harrison, Montana Society of Certified Public Accountants, said they are not opposed to the concept of HB 859. He stated that his Society is trying to advocate equality and simplicity. In those two guides, HB 859 fails with equality. If the desire is get computers in the classroom, they don't understand why it is only available to teachers. Have it available to the citizens of the state that will result in more computers.

He asked for an amendment for anyone who would see fit to make that type of a donation. As we try to carve these little tax islands out and give particular people particular benefits and deny them to other people, we run the risk of unconstitutional classifications.

Questions From Committee Members:

REP. NELSON said that he has a son who has a degree from Eastern Montana College Information Systems. While living in Billings, he gave 1/2 weekly classes in teaching third graders about computers but he is not a certified teacher. He asked **REP. DOWELL** if he would object to an amendment such as **Mr. Harrison** recommended. **REP. DOWELL** said that he had no objection to the amendment. The problem that brought this about was the lack of computers, and we saw this as a mechanism to help the problem.

REP. MCCARTHY said that as a teacher without a computer in her classroom and very interested in this bill, she asked REP. DOWELL if it would be possible to amend this to put the credit in the section of tax that allows the teacher to take the credit for her educational expenses. This way it would be a percentage of the actual cost of the computer. REP. DOWELL said the goal is to get more computers in the classroom. He doesn't want to complicate the issue, he just wants to get computers accessible to the students.

REP. FOSTER stated that the bill is working out the market value of a computer. He asked REP. DOWELL how the market value is determined on used computers. REP. DOWELL said in Page 2 (b) Lines 16 - 19 talks about how the principal and superintendent would report the value of the computer. There is a check built in there.

REP. RANEY asked REP. DOWELL what would happen if a teacher donated his computer and took the credit over the 3 year period, quits and takes the computer with him. REP. DOWELL said the point is what the teacher is doing is donating the computer time and access. He turned it around and said that if REP. RANEY had a computer and had it in the classroom for three year, he doesn't know if he would want to take it with him.

Closing by Sponsor:

REP. DOWELL said that they have a large number of rural districts in Flathead County. He asked the principals and head teachers to take a survey of their classrooms and they did. Seven of the teachers said that they donated over \$200 in computer equipment. The figure in the fiscal note that says they are taking 10% is too high. That is why he did not sign the fiscal note.

HEARING ON HB 856

Presentation and Opening Statement by Sponsor:

REP. FOSTER, House District 32, Townsend, stated HB 856 addresses the taxing of television districts. He provided amendments for clarification. EXHIBIT 3

The background information will be given by REP. WANZENRIED which is very important to this issue. Currently law states that if you do not receive a signal from a translator, you can seek exemption from the payment of the tax in the television district. The tax purpose is to support the costs of providing that signal. The filing of these exemptions by tv cable customers is rapidly eroding the revenue base for television districts.

Cable television companies use local translator signals as a program source for their customers. The customers do not contribute to the financial support of the translators when these

exemptions are filed. Not only does the customer have the benefit of the translator signal through the cable company, but the customer can put rabbit ears on his set and still receive the signal from the local television district. The people who are receiving the benefits of the translator are not paying for its costs by filing for this exemption.

HB 856 eliminates the exemption. He entered letters from his constituents that state that this is a fairness issue, and a great financial harm is being caused to the television districts because of the current situation. EXHIBITS 4,5,6,7,8,9,10

Proponents' Testimony:

REP. WANZENRIED, Kalispell, stated that HB 856 clarifies the exemption that REP. FOSTER indicated. The problem is where technology has outstripped the law and we have granted an inadvertent exemption because of the fact that technology is not reflected in the statute.

He said that ten years ago he worked on a project that dealt with public television. It has been a repeated effort in the last ten years to get this law changed. The problem lies where ever you have a rural cable system in the district where you also have a translator district that is receiving off their signal.

A television station or satellite signal is picked up and is broadcast locally. The signal is picked up by the cable company that has just installed the system, and these people are eligible for an exemption of paying for receiving the signal. HB 856 clarifies that if a person receives a signal directly or indirectly, they do not qualify for the exemption.

Bob Saunders, Meagher County Public Tv, provided written testimony. EXHIBIT 11

Norman Voldseth, Mar-Low TV District, provided written testimony. EXHIBIT 12

Riley Johnson, Montana Broadcasters Association, stated the Association stands in favor of HB 856 on the issue of fairness.

Wanda Bandow, Pondera County Assessor, stated currently in Pondera County, the Assessor's office provides affidavits for the cable subscriber to vie that ways them from paying the annual television district fee. This is done because the cable subscribers are not suppose to be using the local translator. The fact is, the cable companies do use our local translators for services.

Linda Stoll-Anderson, Lewis and Clark County Commissioner, stated HB 856 creates a situation of equity. She urged the committee's support.

Donald McClain, Pondera County Commissioner, stood in support of HB 856.

Keith Brophy, Valier TV District, stated that due to the present exemptions, they are losing revenue which is causing the lack of new improvements and expansion of their existing facilities. Our local cable companies are receiving our signal at no cost, and they feel it is very unfair.

James Atkins, Pondera TV District, stated that all users of translator signals should pay their fair share. In his area, three cable systems are using their translator signals and not paying for the use of them.

Opponents' Testimony:

Les Hilliard, Cable Montana, stated his company runs several small cable systems from Forsyth to Big Timber, and they do put translators on to their system. They were mandated by the Federal Communications Commission that they must carry this.

He has been in the cable business for 27 years and have been to the Legislature for the last 20 years debating this very issue. HB 856 is a matter of choice. Do we allow the taxpayers to choose whether they want to support it or not support it? Absorkee has a voluntary translator district where they voluntarily contribute to the translators. This system has worked fine.

Volunteerism is the important thing. Forty percent of the people in America choose not to have cable television. This choice should remain in the tax districts. The broadcasters support HB 856 and they should. They are getting the taxpayers to build translators to distribute their signals for them. This is a distribution of a commercial venture. It should be supported by the TV stations, and they should contribute to its support.

Bonnie Hansen, TCI, Glasgow, stated that this bill came up 30 years ago out of her district. The intent was to give the people who lived in outlying areas around the town, who could not get any kind of cable service, a means to do so. Rather than forming a co-op, they decided to make it a tax issue.

If you are using a signal, those people who want it in the outlying areas should be the ones to help support it. It was meant to benefit those rural people. HB 856 has no kind of ceiling on what is to be charged by the translator district. If this law should pass and everyone has to support it, what are they going to do with the price?

Mick Murray, TCI Cable, Havre, stated if HB 856 passes, they will be getting into the same thing when it comes to taxation and lawsuits because of the language on Page 2, Lines 6,7,and 8. The

language says "and does not directly or indirectly use any signal repeated by the television district".

Chinook does not carry any of the translator districts at all. TCI Cable has built a microwave system in Eastern Montana to provide free networks. It was a tremendous effort. If you were to implement HB 856 as written, there customers would lose their exemptions. Does this mean that because he carries KRTV on his cable system and they carry KRTV on their translators, that his customers will now lose that exemption?

The bill is also inequitable for the private business industry. A motel in a cable system, if they were to lose their exemption, would have to pay \$30 for their first outlet plus \$1 per room. For them to be competitive in the motel industry, they need cable and other services that they provide translator free. He urged the committee to Do Not Pass HB 856.

Don DeShaw, Cable TV of Harlowton, stated their is no need for legislation such as HB 856. They use the translator district signals in their network programming and put it on as a convenience. In Ryegate, he has only 51 subscribers. He checked with the tax district secretary, and all 51 subscribers pay the \$15 a year tax. He has 350 subscribers in Harlowton. Five of the 350 subscribers have filed for the exemption. He has had the cable system in Harlowton for 11 years. He has paid \$2,200 per year for taxes on his cable. Why can't they use some of that money to finance the tax district?

Steven Proper, TCI Cablevision, Missoula/Thompson Falls, stated the present translator taxation system has been time proven and has worked well for all parties concerned. To his knowledge, every cable customer in the Thompson Falls operation voluntarily pays to the funding of the translator taxation district. He urged the committee to Do Not Pass HB 856.

Joe Hoiland, Roundup Cable TV, said he built the cable system in Roundup 10 years ago. They have had translators in that area for 30 years, and he offered to improve that. He offered to pay for an antenna site which has so far cost him \$1,200. He does not use the translator. No one in Roundup, who is on their cable system, gets anything off the translator. He does not feel it fair that his customers must pay for a service that they are not using and is opposed to HB 856.

Wes Huffman, TCI Cablevision, Great Falls, stated that he is supportive of the concept of a translator district, but is not is support of HB 856 without amendments. This is a local problem. Some tax districts are hurting for money, some are not. Each area is handled differently. HB 856 will destroy many of the good relationships between the translator and the people receiving it.

Tom Harrison, Montana Cable TV Association, stood in opposition to HB 856. He said that this is a local problem.

Philip Watt, TCI Cablevision, Anaconda, stood in opposition to HB 856.

Tom Glendenning, TCI Cablevision of Montana, Helena, opposed HB 856.

Questions From Committee Members: None

Closing by Sponsor:

REP. FOSTER stated HB 856 will not take anymore cooperation from the cable companies and the tv districts. The arguments made in that area have any meaning at all in relation to the bill. It is the translator tv districts that stand to go under not the cable companies. If the revenue erosion continues in the districts, then the signal will be lost. If the subscribers pay, then there is no problem. The problem arises when they don't pay. HB 856 is not a anti-cable bill. It is an attempt for the tv districts to continue in the capacity which they have been going for several years, and that is to help the rural areas of Montana. The erosion of the tax revenue is real. It is due to this loss that allows the subscriber, people who are benefiting from the tv districts who are receiving signals, from not paying for it.

HEARING ON HB 886

Presentation and Opening Statement by Sponsor:

REP. LEE, House District 49, Bigfork, stated HB 886 gives low-income seniors property tax relief. There would be a flat exemption on the first \$80,000 and 5 acres; if the income for a single person is not over \$15,000; and if married, the income is not over \$20,000. He provided amendments which were cleanup and provided for "head of household". **EXHIBIT 13**

The question was asked why \$80,000, why \$15,000, and why \$20,000. The low income exemption is due to the \$80,000, five acre figure so he started there. The \$15,000 and \$20,000 is the current law for low income exemption. It is the low income seniors that he is trying to help.

Proponents' Testimony:

Denis Adams, DOR, stated because of the fiscal impact, he is concerned with what will happen with HB 886. There are, however, some very important things in the bill. We have a large number of single parents in Montana. We have had cases where a single parent with four children do not qualify for the credit. They would qualify under the married category but because they are under the single category, their income is too high. He

supported the addition of "head of household" under the married column.

He provided DOR amendments which have to do with the affective date which eliminates the retroactive applicability on HB 856.
EXHIBIT 14

Tootie Welker, MAPP, went on record in support of HB 886.

Opponents' Testimony: None

Questions From Committee Members:

TRANSCRIPTION TAPES WITH QUESTIONS AND CLOSING BY THE SPONSOR WERE DEFECTIVE AND UNAVAILABLE TO INCLUDE IN THESE MINUTES.

Closing by Sponsor:

REP. LEE made no closing statement.

ADJOURNMENT

Adjournment: 12:06 p.m.



DAN HARRINGTON, Chair



LOIS O'CONNOR, Secretary

DH/lo

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE 3/15/91

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	✓		

all present

STATE REPORTER
Box 749
Helena, Montana 59624

EXHIBIT 1
DATE 3-15-91
HB 886

VOLUME 47

No. 90-416

THE MONTANA DEPARTMENT
OF REVENUE,

Petitioner,

v.

Submitted: Sep. 7, 1990
Decided: Oct. 12, 1990

PATRICIA C. BARRON, and
the STATE TAX APPEAL BOARD,

Respondents.

TAXATION, Order in Original Proceeding that all properties in the state to which the Department of Revenue's stratified sales assessment ratio studies for tax year 1990 had been applied, except for those instances now pending on appeal or properly appealed by the property owners, effective date and application of order continued until December 31, 1990. The Supreme Court held:

1. The use of the 1990 tax values derived from the ratio studies and the application of the 30% factor to residential properties in Area 2.1 require certain taxpayers therein to bear a disproportionate share of Montana's tax burden and is unconstitutional.
2. The provision of sec. 15-7-102(6), MCA, providing that the property owner may not appeal the yearly adjustments is unconstitutional.

ORIGINAL PROCEEDING:

For Petitioner: David W. Woodgerd, Chief Legal Counsel, Geralyn Driscoll, Tax Counsel, Department of Revenue, Helena

For Respondents: J. Vaughn Barron, Great Falls; State Tax Appeal Board, Helena; Charles A. Smith, Attorney for STAB, Helena

Opinion by Justice Sheehy; Chief Justice Turnage and Justices Harrison, Barz, Hunt, McDonough and Weber concur.

____ Mont. ____

____ P.2d ____

County Treasurer

EXHIBIT 2

DATE 3-15-91

HB 884

JEFFERSON COUNTY

—SUSAN M. MILLER—

Boulder, Montana 59632

2/25/91

SECOND LETTER 3/14/91

Re: Fiscal Note

STATE OF MONTANA
HOUSE TAXATION COMMITTEE
C/O DAN HARRINGTON, CHAIRMAN
ROOM 437 CAPITOL STATION
HELENA, MT 59620

JAMES MADISON, REPRESENTATIVE DIST. 75
CAPITOL STATION
HELENA, MT 59620

WITH REFERENCE TO HB 884:

I SUBMIT THESE COMMENTS IN OPPOSITION TO THE "TAX CREDIT CERTIFICATES" WITH CONSIDERATION TO THE 89 SALES ASSESSMENT RATIO AND 1990 REAL PROPERTY TAXES. I DO NOT OPPOSE AN ADJUSTMENT WHEN AN ERROR HAS BEEN FOUND, BUT THE "TAX CREDIT CERTIFICATES" IS A NIGHTMARE TO RECONCILE & AUDIT.

WHEN AN ERROR IS DETERMINED BY THE DEPT. OF REVENUE THEY SHOULD BE ABLE TO UTILIZE THEIR COMPUTER PROGRAM AND ADJUST THE VALUE FOR THE NEXT TAX YEAR TO REFLECT AN AMENDED TAXABLE VALUE AND THE CORRECT DOLLAR AMOUNT COULD BE COLLECTED, WITHOUT CERTIFICATES & PERSONAL CHECKS FLOATING AROUND. THE TAX DISTRICTS OFTEN REQUIRE SPLITS TO DIFFERENT FUNDS AND WHEN YOU ARE APPLYING CREDIT HERE AND SUBTRACTING \$ FROM A PROPOSED TAX REVENUE IT CAUSES UNNECESSARY BUDGET PROBLEMS & SHORTAGES THAT WOULD BE IMPOSSIBLE TO COPE WITH AT THE SCHOOL LEVELS AS WELL AS THE COUNTY & SPECIAL DISTRICTS LEVELS.

IF THE ORIGINAL VALUE IS CORRECTED FOR THE ONE YEAR, AND THE AMOUNT OF REVENUE TO BE GENERATED IS AVAILABLE AT THE BEGINNING OF THE TAX YEAR THEN NO ONE IS SURPRISED BY THE EXCEPT FORS DUE TO THE CREDIT CERTIFICATES.

A SIMILAR THING WAS DONE A FEW YEARS BACK, THE HOMESTEAD RELIEF ACT, THE STATE PROVIDED VOUCHERS WORTH X\$, THIS WAS TO ACCOMPANY TAX PAYMENT, PEOPLE FORGET ABOUT SENDING THEM IN, THEN WANT A COUNTY REFUND--IT WAS A MESS FOR THE AUDITORS, AND I WOULD THINK THIS WOULD BE THE SAME PROBLEM.

LET'S WORK OUT A BETTER SYSTEM FOR THE DOR ERROR, ONE THAT INVOLVES THEM IN THE WORK, NOT JUST THE COUNTY LEVEL.

SE VOTE NO ON THIS AS IT STANDS NOW.

THE COUNTIES & THE PEOPLE ARGUED AGAINST THE INCREASE TO START WITH & THE D O R INSISTED THEY WERE RIGHT, AND IT WAS OUT OF OUR CONTROL. THE CORRECTION SHOULD ALSO BE OUT OF THE COUNTIES CONTROL & DONE AT THE STATE WHERE THE ERROR BEGAN.

The Counties are also on limited Budget and administrative Costs would strap us. Look at the impact on schools already hurting. Correct the way for '91 deal with accurate \$ do away with credits you can't run a budget on credit.

*Please enter as
opponent
to HB 884*

Amendments to House Bill No. 856
First Reading Copy

Requested by Rep. Foster
For the Committee on Taxation

Prepared by Lee Heiman
February 18, 1991

1. Title, line 11.

Following: "WHO"

Insert: "RECEIVES THE SIGNAL FROM A COMMUNITY ANTENNA TELEVISION
SYSTEM THAT"

2. Page 2, line 3.

Strike: ":"

3. Page 2, line 4.

Strike: "(i)"

4. Page 2, line 8.

Strike: "or"

Insert: "."

5. Page 2, line 9.

Strike: "(ii)"

Insert: "(d) The taxpayer receives the services through the
medium of a community antenna system that"

EXHIBIT 4
DATE 3-15-91
HB 856

March 5, 1991

Representative Mike Foster:

Helena, Monatana

Dear Mr. Foster:

Please support House Bill 856. We are a member of a TV Translator club and would appreciate your support very much in order to keep our club financially alive.

Thank you,
Bear Paw TV Club
Box 965
Chinook, Mt. 59523

Doris Hofelt (Sec)

Harlowton, Montana
March 6, 1991


H. B. 856 To amend a Bill and an Act entitled: "AN ACT TO FURTHER
LIMIT THE EXEMPTION FROM TAXATION FOR TELEVISION DISTRICT SERVICES."
MARLO-T.V. DISTRICT ASK FOR YOUR SUPPORT IN PASSING H.B. 856.

The T.V. Booster Station serves the areas of Shawmut, Judith Gap, Two
Dot, Martinsdale, Lennep and Harlowton.

Cable T.V. of Harlowton uses the signal from our Booster of the three
Billings TrV. Stations. Directly or indirectly have told their subscribers
that they may sign a affidavit and be exempt from paying any type of taxes
or assesments to the County to maintain the Booster Station we have set up.
As the majority do use Cable T.V., it would be impossible to maintain the
Booster in any area around the State. Many people depend on their T.V.
for Weather, News and Etc.

W - ~~PLEASE~~ SUPPORT HOUSE BILL 856, A FAIR AND JUST BILL

Thank you


Stillman C. Jones, Secretary

Marlo T.V. Association P.O. Box 567
Harlowton, MT 59031

Dear Rep Foster

I wish to make known my support of HB #856. In order that proper ~~the~~ maintenance of equipment be insured all who use the equipment must also pay for that usage.

Thank you for your work on this bill.

Sincerely
James A. Freed
Board Member
Marlo T.V.
Hartington MT. 59036.

EXHIBIT 7
DATE 3-15-91
HB 856

March 14, 1991
Two Dot, Mt. 59085

Rep. Mike Foster
Capitol Building
Helena, Mt 59620

House Taxation Committee

I am writing in regard to HB 856. The present law provides an exemption from tax for cable subscribers even though the Cable company uses Tax District signals. This exemption results in a loss of operating revenue to the Translator District, and, or an increase in tax to those remaining who are not exempt.

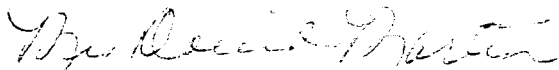
Some Cable companys own and operate their own Translators and do not use Tax Districts signals and this is fine. I feel it is unfair for Cable companys to use Tax District signals coming in and sell those signals to their subscribers.

HB 856 will correct this onequity and make sure everyone using translator signals will pay their fair share toward support of the Translator Stations. The TV District tax should be paid by all who are benefitted by the Translator signals. In the case of Cable users, the tax is an obligation of the user and not of the Cable Company, so the cable company should not object.

My Family has been involved in providing TV via translators to rural areas for many years. We are greatly aware of the importance of translators that relay TV signals from primary stations to our homes.

I urge favorable support and passage of HB 856.

Sincerely,



Mrs. David Martin
Mar-Low TV District, Trustee

EXHIBIT 8
DATE 3-15-91
HB 856

DEPARTMENT OF REVENUE
PONDERA COUNTY ASSESSOR

STAN STEPHENS, GOVERNOR

COURTHOUSE

STATE OF MONTANA

(406) 278-7681, EXT. 19

CONRAD, MONTANA 59425-2382



February 27, 1991

RE: HB 856 - Revise Television Tax District Exemptions

Rep. Mike Foster
House of Representatives
Capitol Station
Helena, MT 59620

Dear Rep. Foster:

I strongly believe HB 856 should be supported.

We have three television districts in Pondera County. Two of the three are in financial trouble due to the waiving of the television charge for those real estate owners that have cable.

I am aware of the financial problem as the assessor, by law, must provide each television district a tax roll for the television districts to assess their annual charges. We therefore work very closely with the local television districts.

To date, the legislature has made positive progress by making the real estate owner the responsible party for payment of the annual fee. In the past, the actual owner of the television was charged. This was hard to accomplish to any degree of accuracy, not to mention the poor percent of payment. The counties have no recourse to take for nonpayment of a "personal" television district charge.

Enclosed please find a plea by Conrad television district boardmember, Jim Aitken, urging taxpayers to consider paying their annual \$5 translator fee.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Wanda M. Bandow".

Wanda M. Bandow
Pondera County Assessor

WB/wb

Encl.

Letters to the editor

VanLuchene's Express Thanks

I have spent hours deciding how to express our gratitude for the outpouring of sympathy expressed by this community. Talk about an armyl.

Everything was ready for us. Food, lodging, refrigerator, places to shower and many more wonderful things. But most of all you were here. Every hug made the next moment easier.

Thanks to Ralph and Helen for handling the arrangements at the funeral home and at the church. Thanks to Father Jim Connor for such comfort and such a beautiful service. Thanks to the pallbearers for their difficult but beautifully done job.

Ryan basically picked out his own music-they were songs he loved. Thank God I took a moment to listen to him a few days before he died when he wanted me to hear them. To Lori Kronebusch, Tom Drynan and DeDe Brown for letting us all hear the message in them.

Ryan is at rest. We, the ones left behind, need time to mend. Together with our human kindness we can do so. He has the biggest, safest fishing hole there ever will

Where is TV District?

Where is the Conrad TV District going to?

Back in the late 50's, a few enterprising people formed a club called the Conrad TV Club and set up a translator on Sam George Hill. Previous to that time, TV was almost non-existent in Conrad.

Donations were asked for and more equipment added. As usual with donations, only a few made donations and everyone benefitted. To equalize the situation, a petition was circulated and a tax district was formed with a \$7 charge per household. New equipment was purchased, a technician hired, and Conrad finally had excellent TV with reliable service. Three years later the fee was dropped to \$5 per year and has been there ever since.

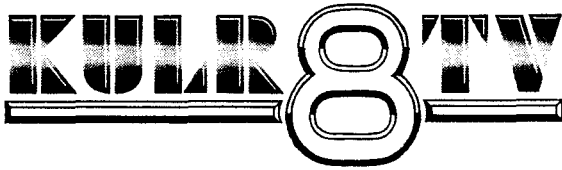
With the advent of Cable, our tax base started to erode. Today, we are forced with several decisions for funding again. Do we extend our boundaries? Several people are using our signals and not paying for them. Do we raise our fees? Does relatively free TV cease to exist in Conrad and surrounding areas due to lack of support?

Is 42¢ a month (\$5.00 per year) too much for people in this area to pay in order to receive virtually free TV? Even if you are fortunate enough to have pay TV, think of your friends and relatives who can't afford cable or who live out of the city limits and can't receive this service. Or what about the fact that you now have a freedom of choice between free and pay TV. Do you want to lose this privilege of choice?

The choice is up to you, the people of Conrad and the surrounding area.

We need your input.
 The Board of the Conrad
 TV District
 Jim Aitken, Chairman
 Jerry Hess, Secretary
 Ike Eubank, Director

EXHIBIT 10
DATE 3-15-91
HB 856



KULR TELEVISION
P.O. Box 80810
Billings, MT 59108

March 13, 1991

Rep. Mike Foster
Capitol Station
Helena, MT 59620

Dear Representative Foster:

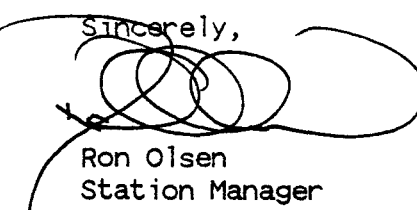
Please accept this letter as KULR-TV's support for passage of HB 856.

Translator districts have historically provided television reception to the rural areas of Montana that would otherwise have no television entertainment, news, and public affairs programming. The operation of these districts was funded with a special tax levy. Then the cable operators came in and got an exemption from that tax for their subscribers even though they, the cable companies, use the translator district's equipment to pick up the television signal and rebroadcast it on their cable systems.

This is very unfair! The cable companies are forcing those rural residents that do not subscribe to cable, or can't subscribe, to subsidize their subscribers. With less money for operation, the translator districts may not survive and be forced to shut down their equipment. This would mean that rural residents of Montana, cable subscribers and non-cable subscribers alike, would no longer have access to Montana television stations. And many would have no television at all unless they bought expensive satellite receivers. But, even with a satellite receiver or cable, they would have no source for television news from and about Montana. Their only news would be from New York, Washington, Atlanta, Chicago, etc, etc...not conducive to a well informed Montana citizenry.

Again, I urge your support and vote for HB 856...it just means that everyone who uses the translator signals, either directly or indirectly, will pay their fair share for that use.

Sincerely,



Ron Olsen
Station Manager



EXHIBIT 11
DATE 3-15-91
HB 856

HB - 856

Revise Television Tax District Exemption

Problem

EXEMPTIONS UNDER PRESENT LAW :

Cable companies use translator signals as program source;
do not contribute to support of translators.

Encourage cable subscribers to file affidavits that they
are subscribers to cable, and thus exempt.

Taxpayer has benefit of translator signal thru cable
company and also by "rabbit ears" on their other TV sets
in kitchen, bedroom and/or children's playroom.

Nobody pays for translator maintenance !

CURE

HOUSE BILL 856 :

Eliminates exemption when cable company uses translator
signal and/or taxpayer receives translator signals directly.

Those benefitting from translator signals share cost
of maintaining translators.

I am Norman Voldseth of Martinsdale MT. I am a trustee of the Mar-Low TV District which includes all of Wheatland County and the east portion of Meagher County.

Our area, like many other rural areas, depends on TV translators to relay television signals from primary stations to our homes.

Costs of construction and maintenance of translator stations are taken care of by creation of TV tax districts. Taxing users of translator signals is a fair way of raising necessary funds.

With the advent of Cable Systems it is also possible to relay TV signals via cable to users in more populated areas.

Some Cable systems own and operate their own Translators and do not use Tax District signals; with them we have no complaint. However, some Cable systems make use of Tax District signals to "head end" their systems and SELL the Tax District signals to their SUBSCRIBERS.

Present law provides an exemption from tax for cable subscribers even though the Cable company uses Tax District signals. This exemption results in a loss of operating revenue to the Translator District, and/or an increase in tax to those remaining who are not exempt.

HB 856 will correct this inequity and ensure that everyone using translator signals, either directly or indirectly, will pay their fair share toward support of the Translator Stations.

To be fair, the TV District tax should be paid by all who are benefitted by the Translator signals. In the case of Cable users, the tax is an obligation of the user and not of the Cable Company; so the Cable Company should not object.

Passage of HB 856 will provide the changes needed to ensure fair support by all users for funding Translator districts.

I urge a favorable report and passage of HB 856.

Amendments to House Bill No. 886
First Reading Copy

Requested by Rep. Lee
For the Committee on Taxation

Prepared by Lee Heiman
March 5, 1991

1. Title, line 8.
Following: "COUPLE;"
Insert: "PROVIDING THAT A PERSON'S INCOME LEVEL INCLUDES NET
BUSINESS INCOME AND LOSSES; PROVIDING THAT CLASS TWELVE
PROPERTY INCLUDES NOT MORE THAN 5 APPURTENANT ACRES;"
2. Page 6, line 19.
Following: "sources"
Insert: "and net business income and losses,"
3. Page 6, line 20.
Following: "types"
Strike: "is"
Insert: ", are"
4. Page 9, line 10.
Following: "of"
Insert: "and appurtenant land not exceeding 5 acres belonging to"
5. Page 9, line 11.
Following: "sources"
Insert: "and net business income and losses,"
6. Page 9, line 12.
Following: "types"
Strike: "is"
Insert: ", are"
7. Page 13, line 25.
Strike: "or head of household"
8. Page 14, line 1.
Following: "couple"
Insert: "or head of household"

Amendments to House Bill 886
1st. Reading Copy

Prepared by the Department of Revenue
March 14, 1991

The department's proposed amendment delays the effective date of this bill for one year. The reason for the delay is the existing deadline for applying for the low income property tax reduction is March 1. Therefore the time for taxpayers made eligible to apply for such property tax treatment is passed. In addition if the bill becomes law the department would not have sufficient time to make the adjustments to the eligible taxpayers' property valuations and make its statutory deadline to provide taxable values.

1. Title, line 12.
Following: "EFFECTIVE DATE"
Strike: "AND A RETROACTIVE APPLICABILITY DATE"
2. Page 15, line 5.
Following: "date --"
Strike: "retroactive applicability"
3. Page 15, line 8.
Following: "December 31,"
Strike: "1990"
Insert: "1991"

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB 885
 DATE 3/15/91 SPONSOR(S) Rep. Nisbet

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT

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

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

TRANSON COMMITTEE BILL NO. HB 884
 DATE 3/15/91 SPONSOR(S) Rep. S. Rice

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
PATRICIA COOK	MONTANA COUNTY TREASURER'S ASSOC	884	X	
Jerry Nisbet	HD #35			X
Larry Tasbender	Cascade County	884	X	
Col Harrington	County Treas Ass	884	X	
DAVE Anderson	Jefferson Co	884	X	
Gordon Morris	MA Co	884	X	

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 850
 DATE 3/15/91 SPONSOR(S) Rep. Thomas

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Shelly Ann Laine	City of Helena		X	
F.H. BOCK BOLES	MT CHAMBER			X
Samantha Sanchez			✓	
Gordon Morris	MACO			
Riley Johnson	NFI B			X
Charles R. Brooks	MT. Rptn./Asso			X
Bill Stevens	MT Food Diet Assn			X
Chuck Brooke	Governor's Office			X
Dennis Buer	MT Taxpayers Assoc			✓
Leon Stalcap	MT Restaurant Assoc			✓
LINDA STOLL-ANDERSON	Lewis & Clark Co.		✓	Ⓢ

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 859
DATE 3/15/91 SPONSOR(S) Rep. Dowell

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
ED JASMIN	NORWEST BANK			✓
Tim Dowell	HD 5			✓
Nancy Coppersmith	OPI			✓
Samantha Sanchez	MAPP		✓	

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

HOUSE OF REPRESENTATIVES

1 of 2

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB 856
 DATE 3/15/91 SPONSOR(S) Rep. Foster

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
NORMAN VOLASETH Martinsdale MT	Marlow TV Dist.	856		X
Philip Watt ANACONDA	TCT Cablevision	856	X	
Shawn Profer Missoula/T. Falls	TCT Cablevision	856	X	
Don DeShaw - Hamilton mt	Cable TV. of Harlo	856	X	
Les Hilliard - Billings	Cable Montana	856	X	
JOE HOLLAND	ROUNDUP CABLE TV	856	X	
Bonnie Hansen	TCT - CLASCOW	856	X	
RL Jander	Meagher Co. Pub TV	856		X
Mike Foster	Rep., House Distr. #32	856		✓
Tom Hanson	mt. Cable TV Assoc	856	X	
Mick MURRAY	Haure mt	856	X	
Mark Hautzinger	TCT Great Falls, MT	856	X	

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

HOUSE OF REPRESENTATIVES

2 of 2

VISITOR'S REGISTER

COMMITTEE

BILL NO. HB 856

DATE

SPONSOR(S)

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Tom Glenning	TCI CABLEVISION OF MT	HB 856	X	
DONALD MCCLAIN	Pondera County			X
Riley Johnson	Mt. Broadcasters			X
Pat Galvin	Rep HD 40			✓
Kath Brophy	VALIER TV DISTRICT	HB 856		X
Wanda Bandon	Pondera County	856		X
James Cuthbert	Pondera T.V. Dist	856		X
WES HUFFMAN	TCI CABLEVISION OF MT	856	X	
LINDA STOLL-ANDERSON	Lewis & Clark County	856		✓
Tom Hannon	mt. Cable T.V. Assoc	856	X	
S.P. Jones	North TV Assoc	856		X

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 886
 DATE 3/15/91 SPONSOR(S) Rep. Lee

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Dennis Adam	DOR			X
Tootie Welker	MAPP			X

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