

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON PROPERTY TAX

Call to Order: By CHAIRMAN COHEN, on March 19, 1991, at 7:30 AM

ROLL CALL

Members Present:

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

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 801-HB 802

REP. MENAHAN said he would like to amend HB 801, restricting it to Superfund sites. Many Superfund sites in Anaconda owned by companies such as ARCO had homes and other buildings built upon them before the pollution problem became apparent. These buildings, many of them less than 20 years old, were vacated and destroyed when the pollution problems became known. Instead of removing the buildings, the companies have bulldozed them into a sealed dunnite cement pit on the site. The soil around the buildings is polluted, and in some cases, the shingles and certain other building materials have been polluted also. In Anaconda, arsenic dust has been found in the flue of the old smelter; that smelter is now sealed under the hill where it once stood.

Planners wanted to build a shopping center on a Superfund site in Anaconda; however, if you buy the land, you're liable for the cleanup. The banks won't lend anyone money to buy the site, because if the operation goes bankrupt and the bank has to take responsibility for the property, they are liable for cleanup. Because of the loss of property tax, the Anaconda area tax base has dropped from \$21,000/mill to \$8,000/mill. These companies

have made no compensation payments to the county for the damage to the sites or to the tax income lost; this bill is an attempt to get them to negotiate to an agreement with the county and begin paying taxes.

REP. ELLISON asked whether REP. MENAHAN's objective was to get the tax base up for Anaconda or to encourage them to get the Superfund sites cleaned up. REP. MENAHAN replied both reasons were correct.

REP. WANZENRIED asked how market value of Superfund property can be established. Gregg Groepper, Office of Public Instruction (OPI), said when he worked for the Department of Revenue (DOR), the value of neighboring, unpolluted property was used to establish the market value of a Superfund site. REP. WANZENRIED said this method is problematic; in Anaconda, it's difficult to find "neighboring property" that isn't polluted. REP. COHEN said the companies might be under more pressure if Superfund sites were taxed at the same rate as before they were declared Superfund sites until they are cleaned up, regardless of whether or not any buildings have been removed.

Mr. Heiman agreed to draft amendments.

DISCUSSION ON HB 822

REP. MCCAFFREE said the bill gives taxing jurisdictions an opportunity to roll back I-105. REP. COHEN said this means the local governments don't need to go to the voters for every single levy.

REP. THOMAS said this process seems to be a better solution than the current process.

Mr. Heiman said this process can currently be done, but only in fiscal emergencies. The school districts could put it up for a vote for a levy that was less than the I-105 cap, but couldn't vote for a levy that exceeded their 1986 level.

Motion/Vote: REP. SCHYE moved the committee DO RECOMMEND HB 822 to the full committee. Motion carried 8 to 1.

DISCUSSION ON HB 910

REP. ELLISON asked how "minerals in place" are qualified. If DOR needs to go out and bore holes in the ground to find them, it may cost more money than the proposed tax raises. REP. HOFFMAN said another problem is some responsible companies have already established exploration teams. Should these companies be penalized as well as the "fly-by-night" companies?


Ken Morrison, DOR, said some states do have a similar tax; however, these states only tax identified minerals. In the early 1900's, Montana taxed minerals in place, and in the 1970's, some

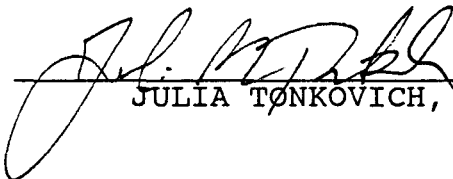
mineral interests were taxed.

Motion/Vote: REP. HOFFMAN moved the committee take no action on HB 822. Motion carried unanimously.

ADJOURNMENT

Adjournment: 8:40 AM


BEN COHEN, Chair


JULIA TONKOVICH, Secretary

BC/jmt

HOUSE OF REPRESENTATIVES
PROPERTY TAX SUBCOMMITTEE

ROLL CALL

DATE

3/19/91

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			