

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on March 12, 1991, at 6:00 p.m.

ROLL CALL

Members Present:

Mike Halligan, Chairman (D)
Dorothy Eck, Vice Chairman (D)
Robert Brown (R)
Steve Doherty (D)
Delwyn Gage (R)
John Harp (R)
Francis Koehnke (D)
Thomas Towe (D)
Fred Van Valkenburg (D)
Bill Yellowtail (D)

Members Excused:

Gene Thayer (R)

Staff Present: Jeff Martin (Legislative Council).

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

Announcements/Discussion: Senator Halligan announced this meeting was called as a general work session on SB 412. The hearing was cut short and there was not enough time for adequate questions from committee members. Therefore, time will be allowed tonight for those questions and discussion.

EXECUTIVE ACTION ON SENATE BILL 412

Discussion:

Dennis Burr, Montana Taxpayers Association, said he would take out the language on page 2, line 24, relating to independent appraisals. He said it indicates if you want to protest the value on your home, you should have just bought it so that you have the current market value or you have to go through another reappraisal. Taxpayers should be able to come in and say they feel their appraisal is too high. He also felt the material on page 5, sub (b) should be stricken as it also applies.

Page 7, sub (b), is the heart of the bill and is the plan devised by DOR to show the Court that the disparities and appraisals taken care of over a reasonable period of time. The first year addresses the appraisals that are 80% of market or below. Mr. Burr felt that should not be part of the plan, rather, the plan should be based on the coefficient of dispersion, i.e., how far the values are out of line in relation to the market. He said it should start where the Department wants to start in the second year. If the coefficient of dispersion is more than 22%, it should be done next. The first year should address some of the Great Falls problems at 25% as well as the other small areas which are also at 25%.

Senator Harp asked Mr. Burr if sub (b), page 7, deals with area 21a in Great Falls.

Mr. Burr said he thought it does.

Senator Harp suggested taking sub(b) out and include tax years 1991 and 1992 on line 10, sub (a).

Mr. Burr agreed with that proposal and added that sub (3) on page 22 should also be stricken.

Denis Adams said taxpayers are prohibited from comment under the previous language. They can appeal under the provisions of this bill which is a provision the State Tax Appeals Board also wanted included. He felt the appeal should be addressed on current market value; in the past it was addressed on the base year.

Concern was expressed that the language on page 2 is just too limiting and should include independent appraisers, lawyers, CPAs, and other professionals.

Senator Halligan asked Senator Crippen if he would get language drafted to address the concerns of the committee.

Senator Crippen said he would.

Senator Eck felt the appeal language on page 5, sub (b), was needed in the bill.

Mr. Adams said a boundary change affects not only the area whose boundaries are changed, but also those areas who share the boundaries. He said appeals will come in from all over the state and DOR felt it is best to consolidate them here in the First Judicial District.

Senator Harp felt this works a hardship on those people in the far ends of the state.

Mr. Woodgerd said having one court in which to file consolidates the boundary disputes and appeals. This also allows an appeal to the administrative rules. If the appeals were heard in different courts, the possibility exists for two different suits in two different courts for the same boundary appeal.

Mr. Adams pointed out this does not apply to individual properties. It applies only to areas and districts and their boundaries. It does not afford appeals based on percentage adjustments.

Senator Towe suggested inserting "the district court shall consolidate all such actions brought by property owners into one proceeding if the action involves more than one judicial district and venue shall be in the first judicial district". Then only when the dispute crosses judicial district lines would the appeal have to be taken to Helena.

Senator Eck said there is a problem if there is challenge based on valid sales. She noted there are some very expensive homes in Gallatin County that are 20 acre subdivision lots and cannot be valid sales because the land is agricultural.

Denis Adams said DOR does not even issue realty transfer certificates for ag sales. The residence is not segregated from the land.

Senator Towe asked Mr. Woodgerd to explain the reason for the language on page 5, sub (d).

Mr. Woodgerd said if they were enjoined, they would have to back and collect the money after the fact, which is very difficult to do.

Denis Adams noted mobile homes and house trailers have been removed from 4(a) on page 7.

Senator Harp asked if there was any impact on school equalization funds as a result of the mobile home change.

Mr. Adams replied there is really no impact.

Mr. Adams noted the DOR is starting the reappraisal with just the two areas in Great Falls in 1991 because the staff and resources are available for that particular segment. Those areas had the problem in 1990 so they will be addressed in 1991. Carbon County will be addressed in 1992 because they have the problem in 1991. He said they really lack the resources to do more and it will be impossible to accelerate the process. This is the first time in the history of the Department that they will be doing a current market value appraisal. Mr. Adams said the two districts in Great Falls got 30% and 32% increases last year. Those were the two largest increase areas plus 21a which also has a coefficient of dispersion problem.

Senator Towe asked if the coefficient of dispersion is defined anywhere in statute.

Mr. Adams replied it is defined in administrative rule.

Senator Harp asked if DOR is adding any FTEs.

Mr. Adams replied there are no new staff additions planned for the reappraisal process.

Senator Crippen asked how commercial reappraisals will be handled since the Court only dealt with residential property in its decision.

Mr. Adams replied DOR is looking more at individual properties in commercial cases. They do use the coefficient of dispersion, but not as often as it does not apply to commercial properties as well. The residential reappraisal deals with the area rather than individual properties.

Senator Gage pointed out the committee should be watching for HB 340 and be aware there may need to be coordinating language with Section 4 of this bill.

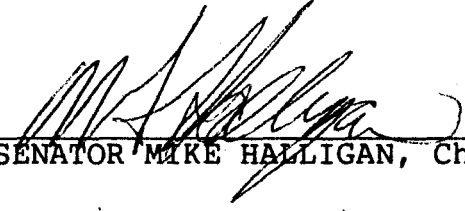
Senator Eck wondered if there be as much of a percentage change if residential areas were as large as commercial areas.

Mr. Adams said the reason commercial areas are so much larger is that there are only a few small areas in the state where there are enough sales for competent statistical analysis. He said agriculture, timber, residential and commercial will all be on the same reappraisal cycle when this bill is implemented.

There being no more changes the committee wished to address, Senator Halligan asked Mr. Martin, Council Researcher, to prepare amendments for the committee's further consideration.

ADJOURNMENT

Adjournment At: 7:15 p.m.


SENATOR MIKE HALLIGAN, Chairman


JILL D. ROHYANS, Secretary

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 3/12/91

52nd LEGISLATIVE SESSION

6:00 pm meeting

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X		
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	X		
SEN. KOEHNKE	X		
SEN. THAYER		X	
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

COMMITTEE ON

DATE _____

5/12/91

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)