

## **MINUTES**

### **MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON TAXATION**

**Call to Order:** By Chairman Mike Halligan, on January 29, 1993,  
at 8:02 a.m.

#### **ROLL CALL**

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

Sen. Mike Halligan, Chair (D)  
Sen. Dorothy Eck, Vice Chair (D)  
Sen. Bob Brown (R)  
Sen. Steve Doherty (D)  
Sen. Delwyn Gage (R)  
Sen. Lorents Grosfield (R)  
Sen. John Harp (R)  
Sen. Tom Towe (D)  
Sen. Fred Van Valkenburg (D)  
Sen. Bill Yellowtail (D)

**Members Excused:** Senator Spook Stang (D)

**Members Absent:** None.

**Staff Present:** Jeff Martin, Legislative Council  
Bonnie Stark, Committee Secretary

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

##### **Committee Business Summary:**

Hearing: SB 191, SB 227, SB 234, SB 241

Executive Action: SB 38, SB 53, SB 148, SB 162,  
SB 195, SB 227, SB 234, SB 241

#### **HEARING ON SB 241**

##### **Opening Statement by Sponsor:**

Senator Bob Brown, representing Senate District 2, presented Senate Bill 241, which is an act extending the taproom beer sale exemption to foreign brewers. Senator Brown said that when the Canadian-U.S. Free Trade Agreement was negotiated, the idea was for free trade across the border. The present law reads that a brewer must be licensed by the United States of America. The GATT forum in Belgium hears disputes over international trade problems and ruled in favor of Canada because of several

violations, including this section in Montana law. Senate Bill 241 will eliminate the language regarding U.S. licensing, and allow the Canadian micro-brewers, who manufacture less than 60,000 barrels of beer a year, to sell and deliver their product in Montana.

**Proponents' Testimony:**

Gary Blewett, Administrator of the Montana Liquor Division, said the Department of Revenue requested Senate Bill 241 to make Montana law consistent with the Canadian-U.S. Free Trade Act, and encouraged the committee's support.

Roger Tippy, Lobbyist for the Montana Beer & Wine Wholesalers Association, presented his written testimony, attached to these minutes as Exhibit No. 1. Mr. Tippy said passage of Senate Bill 241 would bring Montana into "GATT" compliance as well as compliance with the Free Trade Agreement.

**Opponents' Testimony:**

None.

**Informational Testimony:**

None.

**Questions From Committee Members and Responses:**

In response to a question from Senator Gage, Mr. Blewett said that a Canadian brewery would be required to have a storage depot in Montana in order to market its beer in the state, just as any of the other 49 states would also have to have a storage depot in Montana in order to market here.

Senator Grosfield asked Roger Tippy what would happen if Senate Bill 241 were not passed. Mr. Tippy responded that if there is non-compliance, the nations would erect very high tariffs against each other's beer, and the North American Free Trade Agreement might come in and start over-riding state law.

**Closing by Sponsor:**

Senator Brown had no further remarks on closing.

**EXECUTIVE ACTION ON SB 241**

**Motion:**

Senator Harp moved Senate Bill 241 Do Pass.

**Discussion:**

None.

**Vote:**

Motion to Do Pass Senate Bill 241 carried on oral vote.

**HEARING ON SB 234**

**Opening Statement by Sponsor:**

Senator Harp, representing Senate District 4, presented Senate Bill 234, which is an act clarifying the confidentiality of corporation license or income tax records. Senator Harp said Senate Bill 234 is requested by the Department of Revenue to specifically set forth what information is confidential regarding corporate tax records.

**Informational Testimony:**

Mick Robinson, Director of the Department of Revenue, said Senate Bill 234 is a very important bill which tries to eliminate the uncertainty and confusion included in the present statute regarding the confidentiality of corporate tax records. Mr. Robinson said Senate Bill 234 will put into law under the corporation statute the same confidentiality limitations that the state presently has for individual income tax, and urged passage.

**Proponents' Testimony:**

None.

**Opponents' Testimony:**

None.

**Questions From Committee Members and Responses:**

Senator Grosfield asked Mick Robinson about disclosure problems. Mr. Robinson said that presently the Governor can order corporate tax records released upon request, although this hasn't been done in recent years.

**Closing by Sponsor:**

Senator Harp offered no further remarks in closing.

**EXECUTIVE ACTION ON SB 234****Discussion:**

Senator Halligan questioned the Department of Revenue regarding the procedure in other states on confidential reports and returns, and was told by Mr. Robinson and Mr. Woodgerd that other states are consistently protecting the flow of accounting documents within the corporate or individual tax situation.

Senator Halligan further asked about inquiries by the Legislative Fiscal Auditor into corporate records and was told by Mr. Woodgerd that the Department would request a letter and the LFA would be given direct access to the records.

Senator Towe questioned Mr. Woodgerd regarding the reciprocal provisions in Senate Bill 234, and was told that this is similar to the individual income tax procedure in that we share any tax information with another state upon their request with the provision that the information remain confidential. Mr. Robinson said in the corporate area the reciprocal provision is more useful, especially when dealing with audits of multi-state corporations, and it does allow the Department to perform a joint audit more efficiently rather than for each state to hold its individual audit of the corporation.

Senator Towe questioned Mr. Robinson about information provided to the Fiscal Analyst's office and was told that it is very unusual for the Fiscal Analyst's office to request information about particular returns. The Fiscal Analyst's office falls under the same confidentiality rules as the Department of Revenue and, while they may be able to access those records, they could not provide any details or identify the particular taxpayer. The Department takes away all references to individuals so the records are not identifiable in terms of individual taxpayers. Senate Bill 234 will apply the same rules to corporation records as apply to individual returns and records.

On further questioning by Senator Towe, Mr. Robinson said in a particular settlement which related to a tax return, the tax information would be confidential information under Senate Bill 234. Mr. Robinson said in terms of a settlement which has moved into the tax appeal situation, or the court situation, some of that information becomes public record as a result of the litigation. If it is in litigation, Mr. Robinson doesn't necessarily think the settlement needs to be confidential. In the particular court case in question, Mr. Robinson said the release of confidential information was part of the negotiations.

**Motion:**

Senator Harp moved Senate Bill 234 Do Pass.

**Vote:**

Motion to Do Pass Senate Bill 234 carried on oral vote.

**HEARING ON SB 191**

**Opening Statement by Sponsor:**

Senator Gary Aklestad, representing Senate District 6, presented Senate Bill 191 which is an act allowing certain persons 62 years of age or older to defer increases in the market value of their primary residences. Senate Bill 191 also establishes eligibility requirements and grants rulemaking authority to the Department of Revenue. Senator Aklestad said Senate Bill 191 was an effort to contain the escalating property taxes on the primary residences of senior citizens 62 and above who have been residents of Montana for 5 years or longer, have owned the home for at least 3 years, and reside in the home for at least 8 months a year.

**Proponents' Testimony:**

None.

**Opponents' Testimony:**

Bruce McCandless, Assistant Administrator for the City of Billings, spoke in opposition to Senate Bill 191 because of the devastating impact it would have on services provided to all citizens in Billings. Because of a decrease in market value of property, compounded by the sales assessment ratio system, and the fact that Billings has a mill levy cap, the City of Billings is collecting over \$1 million less in property taxes compared to 1986. Mr. McCandless said Senate Bill 191 would eliminate some of the growth potential Billings has started to see in the last couple of years. Mr. McCandless pointed out that the fiscal note shows other local governments and schools in Montana would be dramatically affected by Senate Bill 191. He also said that the poverty level is not age-discriminatory in recent years.

Mr. McCandless asked the Committee to consider two amendments to Senate Bill 191 before passing it. First, add an income test so that only the elderly and the poor may benefit from a property-tax deferral process. Second, make schools and local governments whole. If these amendments are impossible, the City of Billings recommends Senate Bill 191 Do Not Pass.

Alex Hansen, representing the League of Cities and Towns, spoke against Senate Bill 191 because of the significant impact it would have on local governments. The League fears the Legislature is going to make a decision that senior citizens would receive a tax advantage but that cities, counties and schools are going to have to pay for it.

**Informational Testimony:**

None.

**Questions From Committee Members and Responses:**

Senator Grosfield asked Mick Robinson, Director of the Department of Revenue, to address comments from the City of Billings. Mr. Robinson said the Department has no records indicating how long people have lived in their homes, how long they have been residents of Montana, and whether or not they reside in the state over 8 months a year. This data would be burdensome to collect since there is no automatic way for the Department to identify the requirements for exemption in Senate Bill 191.

In answer to Senator Van Valkenburg's questions regarding an income means test, Senator Aklestad said he would have no problem with an amendment to include an income means test requirement in Senate Bill 191.

Senator Doherty questioned Senator Aklestad about a property tax deferral with a lien for senior citizens, so that when the property is sold, the local governments could collect the tax revenue. Senator Aklestad said he would not be in favor of that idea because when the home is sold, the new owner would have to assume that liability. In response to the same question, Bruce McCandless said the City of Billings would not be able to establish its short-term budget if taxes were deferred, and the lien placed against an elderly person's property could be a substantial portion of the property value.

Senator Towe suggested an option of a delayed effective date so Senate Bill 191 wouldn't affect this tax cycle, but the next cycle's increase. Senator Aklestad said he would be reluctant to accept a delayed effective date.

**Closing by Sponsor:**

Senator Aklestad reviewed some of the options discussed in questions by Committee members and said he would work with the Committee on an income tax test to qualify; he would be reluctant to have the cities, counties, and schools exempt; his intention is to have Senate Bill 191 affect only the property tax, not other costs assessed to property, such as special improvement districts, etc.; he would consider the Department of Revenue administrative concerns by amending Senate Bill 191 to five years in-home occupancy and drop the 8-month in-residence requirement. Senator Aklestad said he is not agreeable to a deferral with lien process, but if that process is pursued, he might consider broadening the bill to include the 20-30 age group property owners who would qualify through an income tax test and who would not have to make up the deferred payments.

In closing, Senator Aklestad said his intention in presenting Senate Bill 191 is to help those who are needing help with their property taxes at this time so those residents who have contributed to the State of Montana most of their life are not taxed out of their homes.

#### HEARING ON SB 227

##### Opening Statement by Sponsor:

Senator Doherty presented Senate Bill 227 on behalf of Senator Stang. Senate Bill 227 is an act clarifying the payment of estimated corporation license or income tax.

##### Informational Testimony:

Lynn Chenoweth, Bureau Chief of the Corporation Tax Bureau of the Department of Revenue, said the basic purpose of Senate Bill 227 is to conform more closely to the Federal quarterly estimated payment requirements. Passage of Senate Bill 227 will not only clarify, but simplify, the process of who is required to submit payments and when the payments are to be submitted, and will reduce the assessments the Department issues to corporations who do not submit enough payment or who do not submit timely payments. Senate Bill 227 will not raise or lower any corporation's taxes, or require any additional companies to submit quarterly payments if they are not already doing so.

##### Proponents' Testimony:

None.

##### Opponents' Testimony:

None.

##### Questions From Committee Members and Responses:

Senator Towe questioned Lynn Chenoweth on the payment due date, and was told the payments have always been due December 15th.

##### Closing by Sponsor:

Senator Doherty offered no further remarks on closing.

#### EXECUTIVE ACTION ON SB 227

##### Motion:

Senator Harp moved Senate Bill 227 Do Pass.

**Discussion:**

None.

**Vote:**

Motion that Senate Bill 227 Do Pass carried on oral vote.

**EXECUTIVE ACTION ON SB 38**

**Motion:**

Senator Grosfield moved that Senate Bill 38 be amended from 2/3 to 3/5 majority vote.

**Discussion:**

Senator Grosfield said he believes 3/5 is not unresponsive to the general public's demands for more responsible legislation and spending reform, but that 2/3 or 3/4 is going too far.

Other discussion included where to draw the line on a majority vote, that tax increases are unpopular, that there is a temptation to reduce taxes and spend too much money, that Senate Bill 38 does not address those problems, and the best way to go is to remain with a majority rule.

**Vote:**

Motion to amend Senate Bill 38 to 3/5 majority vote failed or oral vote.

**Motion:**

Senator Doherty moved that Senate Bill 38 be tabled.

**Discussion:**

Senator Doherty said that Senate Bill 38 is, in his opinion, a poor approach to the elements of understanding how democracy works.

**Vote:**

Motion to table Senate Bill 38 carried on roll call vote.

**EXECUTIVE ACTION ON SB 53**

**Motion:**

Senator Van Valkenburg moved that Senate Bill 53 be tabled.



**Discussion:**

Senator Halligan remarked that the Governor's major tax package may include the proposals in Senate Bill 53.

**Vote:**

Motion to table Senate Bill 53 carried on oral vote.

**EXECUTIVE ACTION ON SB 148**

**Discussion:**

Senator Gage explained the amendments prepared to Senate Bill No. 148, attached to these minutes.

**Motion to Amend:**

Senator Gage moved the amendments to Senate Bill 148 be approved.

**Discussion:**

Senator Eck asked Senator Gage what would happen when the damage mitigation account reaches \$1 million. Senator Gage replied that any amount over the \$1 million that the 10.9 percent (Senate Bill 148) would raise would revert to the RIT trust fund.

Senator Grosfield asked if this was any balance exceeding \$1 million in the biennium or any unspent balance, and Senator Gage said any balance in the biennium.

Upon further questioning by Senator Grosfield, Senator Gage said that currently there is a provision in law that 14.1 percent of the tax goes to the ground water assessment account for the purpose of putting together ground water data, etc. This percentage of 10.9 percent added to that would mean that 25 percent of that tax would be used for ground water account and 75 percent would go to the trust.

**Vote on Amendment Motion:**

Motion to amend Senate Bill 148 carried on oral vote.

**Motion:**

Senator Gage moved that Senate Bill 148 Do Pass As Amended.

**Discussion:**

Senator Yellowtail said he thinks Senate Bill 148 is not needed, that there is not urgent need above and beyond the current situation, and that the Oil and Gas Board needs to come

back to this committee in the future stating that it has been unable to achieve its necessary functions by means of the present system. Senator Yellowtail said he is also concerned that Senate Bill 148 could, somehow, supplant the state bonding requirements.

Senator Doherty echoed Senator Yellowtail's comments and pointed out that passage of Senate Bill 148 would reduce the amounts going to some good programs such as the water development grant funding and renewable resource programs.

**Vote:**

Motion that Senate Bill 148 Do Pass As Amended failed on roll call vote.

**EXECUTIVE ACTION ON SB 195**

**Motion:**

Senator Gage moved to table Senate Bill 195.

**Discussion:**

Senator Halligan said proponents are working on some amendments to present to this committee at a later date.

**Vote:**

Motion to table Senate Bill 195 carried on oral vote.

**EXECUTIVE ACTION ON SB 162**

**Discussion:**

Amendments to Senate Bill 162, prepared by the Department of Revenue, dated 1/20/93, were discussed. A copy is attached to these minutes. The applicability date would be delayed until the 1993 tax year.

**Motion to Amend:**

Senator Gage moved that the amendments to Senate Bill 162, dated 1/20/93, be approved.

**Vote on Amendments:**

Motion to approve amendments (dated 1/20/93) to Senate Bill 162 carried on oral vote.

**Discussion:**

Discussion was held on the amendments to Senate Bill 162, prepared by the Department of Revenue, dated 1/26/93.

**Motion to Amend:**

Senator Gage moved to approve the amendments to Senate Bill 162, dated 1/26/93, prepared by the Department of Revenue.

**Substitute Motion:**

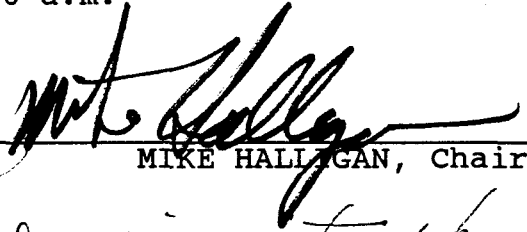
Senator Eck moved a substitute motion to table Senate Bill 162.

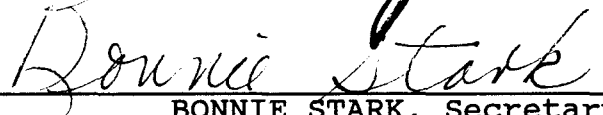
**Vote:**

Motion to table Senate Bill 162, with amendments, carried on oral vote with Senators Gage, Yellowtail, and Doherty voting "no."

**ADJOURNMENT**

**Adjournment:** Meeting adjourned at 9:50 a.m.

  
\_\_\_\_\_  
MIKE HALLIGAN, Chair

  
\_\_\_\_\_  
BONNIE STARK, Secretary

MH/bjs

# ROLL CALL

SENATE COMMITTEE TAXATION

DATE 1-29-93

NAME	PRESENT	ABSENT	EXCUSED
Sen. Halligan, Chair	✓		
Sen. Eck, Vice Chair	✓		
Sen. Brown	✓		
Sen. Doherty	✓		
Sen. Gage	✓		
Sen. Grosfield	✓		
Sen. Harp	✓		
Sen. Stang			✓
Sen. Towe	✓		
Sen. Van Valkenburg	✓		
Sen. Yellowtail	✓		

FC8

Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
January 29, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 241 (first reading copy -- white), respectfully report that Senate Bill No. 241 do pass.

Signed: 

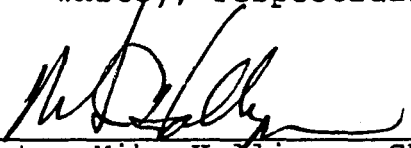
Senator Mike Halligan, Chair

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
January 29, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 234 (first reading copy -- white), respectfully report that Senate Bill No. 234 do pass.

Signed: 

Senator Mike Halligan, Chair

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
January 29, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 227 (first reading copy -- white), respectfully report that Senate Bill No. 227 do pass.

Signed: 

Senator Mike Halligan, Chair

## ROLL CALL VOTE

SENATE COMMITTEE

## TAXATION

BILL NO. SB 148

DATE 1-29-93

TIME 8:00

A.M. P.M.

NAME \_\_\_\_\_

**YES**

NO

[illegible]

Bonnie Stark  
SECRETARY

Sen. Mike Halligan  
CHAIR

MOTION: Do Pass As Amended



## ROLL CALL VOTE

## TAXATION

BILL NO. SB 38

TIME 8:00

A.M. P.M.

**YES**

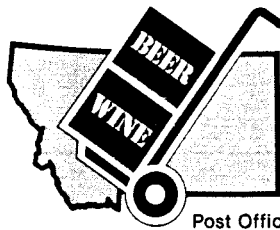
NO

[illegible]

Bonnie Stark  
SECRETARY

Sen. Mike Halligan  
CHAIR

MOTION: Tabled



Montana  
Beer & Wine  
Wholesalers  
Association

Post Office Box 124 • Helena, Montana 59624 • Telephone (406) 442-4451

SENATE TAXATION

EXHIBIT NO. 1

DATE 1-29-93

BILL NO. SB 241

BEFORE THE COMMITTEE ON TAXATION  
MONTANA SENATE

Re: Senate Bill 241

Mr. Chairman and Committee members, I am Roger Tippy, attorney and lobbyist for the Montana Beer & Wine Wholesalers Association. Our members urge your support of SB 241 in order to bring Montana into "GATT compliance".

During the last session we brought, through former Rep. Scott, you House Bill 698 which had the effect of removing any preferential treatment for beer brewed in-state as against beer brewed in one of the other 49 states. Prior to that, a brewer of any size in Montana could sell direct to consumers or retailers, and a brewer of any size in another state had to ship its beer into the state via one of our wholesalers. HB 698 capped the in-state brewers' direct selling privileges to small or micro-brewers, who produced less than 60,000 barrels a year. It then extended the same privileges to small brewers in other states, provided they obtained DOR approval to set up a storage depot in Montana and then engaged in such direct selling out of that storage depot. At that point, in terms of the Commerce Clause, our laws were absolutely non-discriminatory.

Then along came GATT. The Canadian government, on behalf of the major brewers in Canada such as Molson's and Labatt's, charged that various beer laws of the federal government and of many states set up improper barriers to the ability of imported Canadian beers to compete in U. S. markets. The U.S. Trade Representative argued the American side. Lengthy briefs analyzed the beer laws of state after state. The only problem the Canadians raised with Montana's beer law was that the qualifying microbrewers had to be licensed as such, i.e., as brewers, by the U. S. government through Treasury's Bureau of Alcohol, Tobacco & Firearms. They said, and the GATT panel agreed, that a microbrewery in Lethbridge, Alberta could not have a storage depot in Montana and sell direct under HB 698.

Therefore, we ask you to remove the offending words, which is all this bill does. We would expect DOR to set up some sort of process--if a Canadian microbrewer ever did knock on their door--to verify that the microbrewer's annual production has not exceeded 60,000 barrels a year in past years. Please give this bill a Do Pass recommendation.

**Amendments to Senate Bill 162**  
**First Reading Copy**

SENATE TAXATION

EXHIBIT NO. 2

DATE 1-26-93

BILL NO. SB 162

Prepared by Department of Revenue  
1/26/93

1. Title, line 6.  
Following: "AMENDING"  
Strike: "SECTION"  
Insert: "SECTIONS"

2. Title, line 6.  
Following: "15-6-134,"  
Insert: " AND 15-10-412"

3. Page 4, line 10.  
Following: line 10  
Insert: "Section 3. Section 15-10-412, MCA, is amended to read:

'15-10-412. (Effective January 1, 1993) Property tax limited to 1986 levels -- clarification -- extension to all property classes. Section 15-10-402 is interpreted and clarified as follows:

(1) The limitation to 1986 levels is extended to apply to all classes of property described in Title 15, chapter 6, part 1.

(2) The limitation on the amount of taxes levied is interpreted to mean that, except as otherwise provided in this section, the actual tax liability for an individual property is capped at the dollar amount due in each taxing unit for the 1986 tax year. In tax years thereafter, the property must be taxed in each taxing unit at the 1986 cap or the product of the taxable value and mills levied, whichever is less for each taxing unit, except in a taxing unit that levied a tax in tax years 1983 through 1985 but did not levy a tax in 1986, in which case the actual tax liability for an individual property is capped at the dollar amount due in that taxing unit for the 1985 tax year.

(3) The limitation on the amount of taxes levied does not mean that no further increase may be made in the total taxable valuation of a taxing unit as a result of:

(a) annexation of real property and improvements into a taxing unit;

(b) construction, expansion, or remodeling of improvements;

(c) transfer of property into a taxing unit;

(d) subdivision of real property;

(e) reclassification of property;

(f) increases in the amount of production or the value of production for property described in 15-6-131 or 15-6-132;

(g) transfer of property from tax-exempt to taxable status;

or

(h) revaluations caused by:

(i) cyclical reappraisal; or

(ii) expansion, addition, replacement, or remodeling of

improvements; or

(i) increases in the taxable rate on the portion of the market value of a single-family residence that exceeds \$200,000.

(4) The limitation on the amount of taxes levied does not mean that no further increase may be made in the taxable valuation or in the actual tax liability on individual property in each class as a result of:

(a) a revaluation caused by:

(i) construction, expansion, replacement, or remodeling of improvements that adds value to the property; or

(ii) cyclical reappraisal;

(b) transfer of property into a taxing unit;

(c) reclassification of property;

(d) increases in the amount of production or the value of production for property described in 15-6-131 or 15-6-132;

(e) annexation of the individual property into a new taxing unit; or

(f) conversion of the individual property from tax-exempt to taxable status; or

(g) increases in the taxable rate on the portion of the market value of a single-family residence that exceeds \$200,000.

(5) Property in classes four and eleven is valued according to the procedures used in 1986, including the designation of 1982 as the base year, until the reappraisal cycle beginning January 1, 1986, is completed and new valuations are placed on the tax rolls and a new base year designated, if the property is:

(a) new construction;

(b) expanded, deleted, replaced, or remodeled improvements;

(c) annexed property; or

(d) property converted from tax-exempt to taxable status.

(6) Property described in subsections (5)(a) through (5)(d) that is not class four or class eleven property is valued according to the procedures used in 1986 but is also subject to the dollar cap in each taxing unit based on 1986 mills levied.

(7) The limitation on the amount of taxes, as clarified in this section, is intended to leave the property appraisal and valuation methodology of the department of revenue intact. Determinations of county classifications, salaries of local government officers, and all other matters in which total taxable valuation is an integral component are not affected by 15-10-401 and 15-10-402 except for the use of taxable valuation in fixing tax levies. In fixing tax levies, the taxing units of local government may anticipate the deficiency in revenues resulting from the tax limitations in 15-10-401 and 15-10-402, while understanding that regardless of the amount of mills levied, a taxpayer's liability may not exceed the dollar amount due in each taxing unit for the 1986 tax year unless:

(a) the taxing unit's taxable valuation decreases by 5% or more from the 1986 tax year. If a taxing unit's taxable valuation decreases by 5% or more from the 1986 tax year, it may levy additional mills to compensate for the decreased taxable valuation,

but in no case may the mills levied exceed a number calculated to equal the revenue from property taxes for the 1986 tax year in that taxing unit.

(b) a levy authorized under Title 20 raised less revenue in 1986 than was raised in either 1984 or 1985, in which case the taxing unit may, after approval by the voters in the taxing unit, raise each year thereafter an additional number of mills but may not levy more revenue than the 3-year average of revenue raised for that purpose during 1984, 1985, and 1986;

(c) a levy authorized in 50-2-111 that was made in 1986 was for less than the number of mills levied in either 1984 or 1985, in which case the taxing unit may, after approval by the voters in the taxing unit, levy each year thereafter an additional number of mills but may not levy more than the 3-year average number of mills levied for that purpose during 1984, 1985, and 1986.

(8) The limitation on the amount of taxes levied does not apply to the following levy or special assessment categories, whether or not they are based on commitments made before or after approval of 15-10-401 and 15-10-402:

- (a) rural improvement districts;
- (b) special improvement districts;
- (c) levies pledged for the repayment of bonded indebtedness, including tax increment bonds;
- (d) city street maintenance districts;
- (e) tax increment financing districts;
- (f) satisfaction of judgments against a taxing unit;
- (g) street lighting assessments;
- (h) revolving funds to support any categories specified in this subsection (8);
- (i) levies for economic development authorized pursuant to 90-5-112(4);
- (j) levies authorized under 7-6-502 for juvenile detention programs; and
- (k) elementary and high school districts.

(9) The limitation on the amount of taxes levied does not apply in a taxing unit if the voters in the taxing unit approve an increase in tax liability following a resolution of the governing body of the taxing unit containing:

- (a) a finding that there are insufficient funds to adequately operate the taxing unit as a result of 15-10-401 and 15-10-402;
- (b) an explanation of the nature of the financial emergency;
- (c) an estimate of the amount of funding shortfall expected by the taxing unit;
- (d) a statement that applicable fund balances are or by the end of the fiscal year will be depleted;
- (e) a finding that there are no alternative sources of revenue;
- (f) a summary of the alternatives that the governing body of the taxing unit has considered; and
- (g) a statement of the need for the increased revenue and how it will be used.

DATE 1-26-93  
11 SB-1122

(10) (a) The limitation on the amount of taxes levied does not apply to levies required to address the funding of relief of suffering of inhabitants caused by famine, conflagration, or other public calamity.

(b) The limitation set forth in this chapter on the amount of taxes levied does not apply to levies to support:

(i) a city-county board of health as provided in Title 50, chapter 2, if the governing bodies of the taxing units served by the board of health determine, after a public hearing, that public health programs require funds to ensure the public health. A levy for the support of a local board of health may not exceed the 5-mill limit established in 50-2-111.

(ii) county, city, or town ambulance services authorized by a vote of the electorate under 7-34-102(2).

(11) The limitation on the amount of taxes levied by a taxing jurisdiction subject to a statutory maximum mill levy does not prevent a taxing jurisdiction from increasing its number of mills beyond the statutory maximum mill levy to produce revenue equal to its 1986 revenue.

(12) The limitation on the amount of taxes levied does not apply to a levy increase to repay taxes paid under protest in accordance with 15-1-402."

Renumber: subsequent sections

**REASON FOR AMENDMENT:** This amendment reconciles the change in taxable percentage created in this bill with the taxation restrictions and limitations of I-105, as amended (now codified in Title 15, chapter 10, part 4, MCA.)

DATE 1-29-93

SENATE COMMITTEE ON Toxics

BILLS BEING HEARD TODAY: SB 191, 227, 234, 241

Name	Representing	Bill No.	Check One	
			Support	Oppose
Roger Tippet	M + Ben + Win Wholesale	SB 241	X	
Gym Chenoweth	DOR	<del>SB 227</del> SB 227	X	
Lee House	MLC +	191		✓
Bruce McCandless	BILLINGS	191		✓
Dave Woodgerd	DOR	234 241, 227	✓	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY