MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By BOB GILBERT, Chairman, on February 15, 1993, at 8:15 a.m.

ROLL CALL

Members Present:

Rep. Bob Gilbert, Chairman (R)

Rep. Mike Foster, Vice Chairman (R)

Rep. Dan Harrington, Minority Vice Chairman (D)

Rep. Shiell Anderson (R)

Rep. John Bohlinger (R)

Rep. Ed Dolezal (D)

Rep. Jerry Driscoll (D)

Rep. Jim Elliott (D)

Rep. Gary Feland (R)

Rep. Marian Hanson (R)

Rep. Hal Harper (D)

Rep. Chase Hibbard (R)

Rep. Vern Keller (R)

Rep. Ed McCaffree (D)

Rep. Bea McCarthy (D)

Rep. Tom Nelson (R)

Rep. Scott Orr (R)

Rep. Bob Raney (D)

Rep. Bob Ream (D)

Rep. Rolph Tunby (R)

Members Excused: None

Members Absent: None

Staff Present: Lee Heiman, Legislative Council

Jill Rohyans, Committee Secretary

Gayle Carpenter, Transcriber

Please Note: These are summary minutes. Testimony and

discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 168, HB 333, HB 467

HEARING ON SB 168

Opening Statement by Sponsor:

SEN. TOM BECK, SD 24, Deer Lodge, presented SB 168, agricultural revaluation legislation requested by the Department of Revenue which embodies the recommendations of the Department's Agricultural Advisory Committee. He stated this legislation changes the evaluation and methodology of taxation of agricultural lands in Montana. This method would be utilized to revalue agricultural lands starting in 1994. He further delineated the background and specific intent of the bill.

Proponents' Testimony:

Randy Wilke, Bureau Chief, Property Tax Assessment Division,
Department of Revenue, presented EXHIBITS 1 and 2. His testimony
included an introduction to the necessity for this legislation,
the current property tax system, current codes, methodology
highlights, and summarized the recommended and mandated systems,
including the primary recommendations.

Committee Members MARIAN HANSON, MIKE FOSTER, ROLPH TUNBY AND CHASE HIBBARD expressed support for SB 168. They had all been involved with the committees and hearing process that developed the final bill.

Jo Brunner, Executive Director, Montana Water Resources
Association, read testimony in support of the bill. EXHIBIT 3

Jim Peterson, Montana Stockgrowers Association, noted that under the old system there were tremendous inequities and that this bill is a fair proposal. He said there are winners and losers with this bill. He noted this bill is not revenue neutral, and that most of the new revenue would come from Class 11 property. He expressed the Association's support for the legislation.

Ted Doney, Montana Dairymen's Association, noted his Association's input into the bill, stating this legislation was a reasonable compromise.

Dennis Burr, Montana Taxpayers Association, expressed support for SB 168.

Gordon Morris, Director, Montana Association of Counties (MACo), pointed out that SB 283 contained a coordinating clause to SB 168. He expounded utilizing EXHIBIT 4.

Opponents' Testimony: None.

Questions From Committee Members and Responses:

The Committee members discussed the implementation of the 25 percent phase-in, (EXHIBIT 5) the homestead tax rate, and this legislation in light of the implementation of a sales tax.

Closing by Sponsor:

Sen. Beck closed on SB 168, asking for the Committee's support of the bill.

HEARING ON HB 333

Opening Statement by Sponsor:

Rep. John Cobb, HD 42, Augusta, stated HB 333 is intended to expand and increase the utilization fee for nursing facilities (bed tax) to private payors in order to meet federal requirements. He said if the current tax was eliminated, the general fund would see a \$10 million shortfall. He also presented an amendment to the bill and asked for Committee support for the amendment. EXHIBIT 6

Proponents' Testimony:

Peter Blouke, Director, SRS, read testimony in support of HB 333.
EXHIBIT 7

Rose Hughes, Executive Director, Montana Health Care Association, presented testimony expressing support for HB 333 and the amendments presented by REP. COBB. She also expressed the Association's reservations with the bed tax philosophy and opposition to earmarking the funds for other uses. EXHIBIT 8

Bill Olson, American Association of Retired Persons (AARP), stated the Association supported the legislation.

REP. JIM ELLIOT said his preference is to amend the bill by earmarking the funds for an Ombudsman Reimbursement Program. **EXHIBIT 9**

Bob Williams spoke in support of Rep. Elliot's amendment. EXHIBIT 10

Karen Erdie, Area Director, Area II Agency on Aging, presented supporting testimony for the Ombudsman Reimbursement Program, including the funding level. EXHIBITS 11 & 12.

Doug Blakely, State Ombudsman, Office on Aging, provided testimony in support of the Ombudsman Program. EXHIBIT 13

Fern Prather, Long Term Care Ombudsman, Sweet Grass County, also read testimony in support of the amendment. EXHIBIT 14

Jean Pease, Yellowstone County Ombudsman, explained her job description and sited examples of intervention in support of the amendment. EXHIBIT 15

Janet Robideau, President, Montana Coalition for Nursing Home Reform, expressed support for Rep. Elliot's amendment, siting management fees and practices. EXHIBIT 16

Bernice Hanson, Carbon County Ombudsman, expressed support for the Ombudsman amendment.

Brenda Vescavi, Roundup Ombudsman, expressed support for Rep. Elliot's amendment.

Opponents' Testimony: None

Questions From Committee Members and Responses:

The Committee discussed the fiscal note, the diversion of fees for ombudsman funding, nursing home reimbursement, federal regulations, and the legislation's impact.

Closing by Sponsor:

Rep. Cobb urged Committee support for the legislation and his proposed amendment.

HEARING ON HB 467

Opening Statement by Sponsor:

REP. RUSSELL FAGG, HD 89, Billings, presented an overview of the legislation. He stated the bill taxes non-Indians who produce coal from Indian lands at 40 percent of the tax imposed on coal produced from non-Indian lands. He then provided background information on the formation of this bill.

Proponents' Testimony:

Mick Robinson, Department of Revenue, provided technical information on coal tax rates in Montana and comparable states. He submitted two amendments from the Department of Justice for HB 467. EXHIBIT 17 and 17a

Chris Tweeten, Chief Deputy Attorney General, presented neutral testimony on the legislation and noted the legal ramifications of the bill. He pointed out if the passes, it will be a legal tax, it could have a marginal impact on the marketability of coal, and that there would probably be litigation over the legality of this tax.

Opponents' Testimony:

C. Joe Presley, Westmoreland Resources, Inc., presented testimony in opposition to HB 467. He noted that under the company's current lease agreement with the Crow Tribe, Westmoreland would reduce the amount paid to the tribe by the amount paid to the state, causing the economic and possibly legal burden to fall on the Crow tribe. EXHIBIT 18

Robert Pelcyger, Attorney, Crow Tribe of Indians, testified in opposition to the bill, providing a history on coal tax litigation and its impact on the tribe and tribal members. EXHIBIT 19 and 20

Clara Nomee, Madam Chairman, Crow Tribe of Indians, testified on the negative impact this legislation would have on the Crow Tribe.

Ed Jensen, CPA, Billings, testified on the budget and financial implications this legislation would have on the Crow Tribe.

Gladys Jefferson, single parent, EMC student, presented personal testimony regarding the financial impact this legislation would have on tribal members.

Elizabeth White Man Runs In, provided testimony on the impact the legislation would have on the tribal Department of Education grants.

Ada White, Assistant Administrative Officer, Crow Tribe Administration, provided testimony in opposition to the legislation. EXHIBIT 21

Lillian Hogan, presented personal testimony in opposition to HB 467.

Ron Arneson, Court Administrator and Judge for the Crow Tribe, testified that a vote for this bill would be a vote against tribal children and elders.

Loren Kenwell, Vice-Chairman, Consolidated Kootenai and Salish Tribes, expressed opposition to the bill and stated if the legislation was adopted that a 60/40 cut on all natural resources should be considered.

Arlo Dawes, Executive Assistant, Crow Tribe, testified in opposition to the legislation.

David Pennington, Bureau of Indian Affairs, testified on the impact this legislation would have on the Crow Tribal budget and hardships that would occur.

Carl Van, Contracting Officer, Crow Tribe, offered testimony against the bill.

Questions From Committee Members and Responses:

The Committee questioned the specifics of this legislation and its impact on the state, the Crow Tribe, and coal contractors.

Closing by Sponsor:

Rep. Fagg closed by reviewing current coal tax status, state services provided to the Crow Tribe, and the fairness of this legislation.

ADJOURNMENT

Adjournment: 11:53 a.m.

REP. BOB GILBERT, Chairman

The minutes were written by Gayle Carpenter and edited and proofed for content by Jill Rohyans.

BG/GMC

HOUSE OF REPRESENTATIVES

ROLL CALL

TAXATION		COMMITTEE
	DATE	2/15/93

NAME	PRESENT	ABSENT	EXCUSED
REP. GILBERT, CHAIRMAN	ν		
REP. FOSTER	y'		
REP. HARRINGTON	-		
REP. ANDERSON	V		
REP. BOHLINGER			
REP. DOLEZAL	V		
REP. DRISCOLL	· V	·	
REP. ELLIOTT	V		
REP. FELAND	V		
REP. HANSON	_		
REP. HARPER	v -	·	
REP. HIBBARD	ν		
REP. KELLER	V		
REP. McCAFFREE			
REP. McCARTHY	V',		
REP. NELSON	V		
REP. ORR	v		
PEP RANEY	V		
REP. REAM	V		
REP. TUNBY			
·			

EXHIB	IT	
DATE	2/15/93	
SB	SB 168	

REPORT OF THE AGRICULTURAL LAND ADVISORY COMMITTEE

ON

PROPERTY TAXES

- History
- Introduction
- **▶** Current System
- ► MCA 15-7-201
- Methodology
- Value of Parameters
 - Mandated
 - Recommended
- **▶** Taxable Rate
- Results
- Miscellaneous Recommendations

HISTORY

- Current system developed in the early 1960s under the Board of Equalization
- Department of Revenue became responsible for classifying agricultural lands in 1973
- ► Recommended changes proposed in 1985 were rejected
- ► In 1987, the legislature called for a review of agricultural property taxes
- ▶ Governor appointed this committee of 11 for the review

DATE 2-15-93 11 SB-168

INTRODUCTION

- Recommendation criteria
 - 1) Fairness
 - 2) Simplicity
 - 3) Administrative feasibility
 - 4) Stability
- Neutrality
 - Montana's effective tax rate
 - * Ranks 25th among all states (AK data NA)
 - * Ranks 4th among the eight Mountain states

CONCLUSION:

Montana's total agricultural property taxes are typical of those in region and nation

The Committees recommendation would maintain the current level of total agricultural land taxable value

PROPERTY TAX SYSTEM

Tax Liability =

Assessed value x Tax rate x Mill levy/1000

- Assessed value is set for each property class and grade
- Property classes are determined by use e.g. grazing, non-irrigated crop
- Grades are determined by productivity e.g. bushels of wheat/acre

EXAMPLE (Current System)

Use: Non-irrigated summer fallow land

Class 4

Productivity: 25 bushels/acre (wheat) Grade 1A

Assessed value: 32.22 (from current tax tables)

Tax Rate (Current): .30

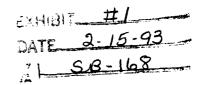
Mill Levy: 300

Tax Liability = $32.22 \times .30 \times 300/1000 = 2.90

Taxable Value = Assessed Value x Tax Rate

 $= 32.22 \times .30$

= \$9.67



CURRENT SYSTEM (adopted in 1962)

- 7 classes of land
- Several grades within each class
- Within the irrigated classes credit is given for water costs

MCA 15-7-201 (1987)

Value of Agricultural land for tax purposes will be:

- 1) Based on agricultural productivity
- 2) Use a capitalization of income approach to valuation
- 3) Income shall be based on a 3-year period
- 4) Capitalization rate shall be the Federal Land Bank interest rate plus the effective tax rate
- The committee does recommend changes in MCA 15-7-201

METHODOLOGY HIGHLIGHTS

CAPITALIZATION APPROACH

Assessed Value = Net Returns
Capitalization Rate

Net returns = return to land

- Cropland based on 1/4 crop share
- Grazing based on 75% of grazing fee
- Irrigation energy & labor deductible from net returns

Capitalization rate = rate of return + tax rate

NET RETURNS

- Mandated: 3 year average

- Recommended: 7 year "Olympic" average

CAPITALIZATION RATE

- Mandated: FLB + tax rate = 11.085 + 2.68 = 13.765%

- Recommended: Based on rent to value ratios = 6.4%

DATE 2-15-93 SB-168

TABLE 3 RENT-TO-VALUE RATIOS

Rent/Value (%)^a

Year	Irrigated	Non-Irrigated	Pasture
1986	6.6	8.4	4.1
1987	6.1	10.1	5.0
1988	5.6	7.8	3.3
1989	8.5	8.4	6.3
1990	8.3	8.3	6.8
Average	7.02	8.60	5.1

^aRent-to-value ratios obtained from *Agricultural Resources*, Agricultural Land Values and Markets, United States Department of Agriculture, June 1990.

TAXABLE RATE

- ► Current taxable rate of agricultural land = 30%
- ► Taxable rate on other real property = 3.86%

RECOMMENDATION

Taxable rate on agricultural property be changed to 3.86%

DATE 2-15-93 SB-168

SUMMARY OF RECOMMENDED AND MANDATED SYSTEM

	RECOMMENDED	MANDATED
Approach	Capitalization of rent	Capitalization of rent
Prices	7-year "Olympic" average	3-year average
Wheat (bu)	\$ 3.89	\$ 3.90
Hay (ton)	55.52	51.06
Grazing fee (AUM)	9.14	9.11
Capitalization rate	Rent to value ratio = 6.4%	Nominal interest rate + Tax rate = 13.765%
Taxable Rate (%)	3.86%	30.00%

PRIMARY RECOMMENDATIONS

- 1) Compute assessed value by capitalizing rent
- 2) Rent is 1/4 of crop on cropland
- 3) Prices & grazing fees based on 7-year Olympic average
- 4) Energy and labor should be deducted from irrigation returns
- 5) Water cost categories modified to account for higher water costs
- 6) Capitalization rate = 6.4%
- 7) Taxable rate = 3.86%
 - ► Total taxable value of agricultural land would not be changed from the current system
 - May have differential impacts on individual tax districts
 - Committee encourages consideration as a package not as a "pick & choose" menu

DATE 2/15/93 S3 58/68

REPORT

OF THE

DEPARTMENT OF REVENUE AGRICULTURAL LAND ADVISORY COMMITTEE



RECOMMENDATIONS ON AGRICULTURAL
LAND VALUATION IN MONTANA

<u>DEPARTMENT OF REVENUE</u> <u>AGRICULTURAL LAND</u> <u>ADVISORY COMMITTEE MEMBERS</u>

- Les Hirsch, Chairman Farmer/Ranch Owner
 Miles City, MT
- Larry Anderson, Farm Owner Chester, MT
- Senator Tom Beck, Farm/Ranch Owner Deer Lodge, MT
- David Bliss, Farm Owner Conrad, MT
- Al Evans, Ranch Owner/Appraiser Roundup, MT
- Representative Marian Hanson, Ranch Owner Ashland, MT
- Robert Lenhardt, Farm Owner Billings, MT
- Ed Leuthold, Realtor/Appraiser Billings, MT
- Ted Underdal, Farm Owner Ledger, MT
- Dr. Myles J. Watts, Professor/Farm Owner Montana State University
- John E. Witt, Farm/Ranch Owner/County Commissioner Carter, MT

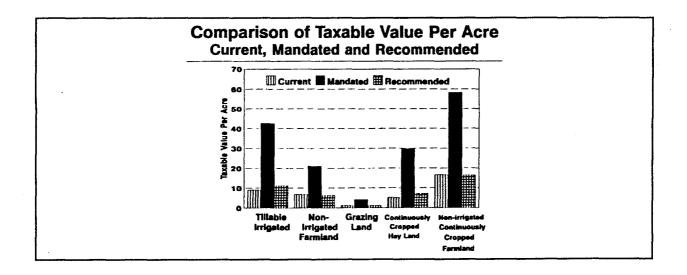
PREFACE

Eighteen months ago, Governor Stephens appointed eleven Montanans to review, evaluate, and recommend changes in taxing nearly 51 million acres of agricultural land. The following report discusses the details of the committee's recommendations. This preface and the executive summary will provide a synopsis for those who do not read the entire report. However, the committee encourages the reading of the entire report.

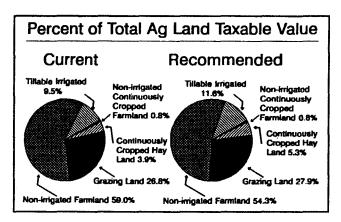
The committee members are knowledgeable of the different types of agriculture and agricultural land values. Furthermore, there is representation from every region of the state.

As mandated, the implementation of existing law 1993 will greatly increase the taxable value of Montana's agricultural land. Unless changed, the result will be an increase in taxable value by 258% over the current system.

As an alternative, the committee recommends a phase-in of new agricultural land values and changes in law that will provide for reasonable land valuation, yet result in no statewide change to the current total taxable value. The relationship between current values, the mandated values that will result from implementation of existing law and the committee's recommended values are illustrated in the graph below.



When valuations are updated, there are always winners and losers. This process is no different. Certain types of land would increase in taxable value while other types would decrease under the recommended system. The pie-chart shows the increases and decreases by land type.



The recommended schedules were based upon rent per acre. The rent of the most common type of irrigated land in Montana was set at \$14.43 per acre. The rent of the most common type of dryland crop was set at \$9 per acre. The rent of the most common type of pasture was set at \$2.10 per acre. For each land type, the appropriate rent was capitalized, using a rate, into a value for each acre.

The committee report has been presented to the executive boards of agricultural groups and to taxpayers at meetings that were held in all regions of the state. There is little doubt that legally the current agricultural land valuation schedules must be updated. The committee asks for your support for the fair and equitable valuation of Montana's agricultural land.

EXECUTIVE SUMMARY

The Agricultural Land Advisory Committee reviewed the current agricultural land value schedules used for property taxation. The current schedules were developed about thirty years ago. The following summary of recommendations is not exhaustive, and those interested in further particulars are referred to the complete report.

Summary of Recommended Changes

The following changes are recommended by the Committee (which may not be consistent with MCA 15-7-201 — which is scheduled to go into effect in 1994) to incorporate the desired level of stability and make the system of agricultural land taxation fairer, simple, and administratively feasible.

- 1. The assessed value of agricultural land should be determined by capitalizing the rental value of the land.
- 2. Rental value should be determined as 1/4 cropshare on all cropland.
- 3. Prices and grazing fees should be based on a seven-year Olympic historical average (with farm program considerations incorporated and hay prices and grazing fees adjusted, as discussed in the report).
- 4. Water costs due to energy and labor should be deducted from the rental value prior to determining assessed value on irrigated land.
- 5. The water cost categories should be modified to account for higher costs.
- 6. The capitalization rate should be 6.4 percent.
- 7. The taxable rate should be reduced to 3.86 percent, consistent with commercial, residential, and industrial property.
- 8. The valuation change should be phased in, with 50% of the change occurring on January 1, 1994, and the remaining 50% of the change occurring on January 1, 1997.
- 9. Water cost deductions should be further analyzed before January 1, 1997.

The Committee views these recommendations as a package to be considered in its entirety. The Committee is not offering these recommendations as a "pick and choose menu" where individual recommendations are selectively chosen or rejected.

These adjustments are intended to result in a statewide total taxable value of agricultural land equal to that under the current system.

Brief Summary of Results

Table 1 allows comparisons between the current schedules and the recommended schedules. The recommended schedules in Table 1 do not reflect an interim phase-in. The phase-in taxable value for the recommended schedule can be calculated for each land grade by adding the current schedule taxable value to the recommended schedule taxable value and then dividing that sum by 2. For example, the phase-in value for class 1-grade 2 land would be \$18.54 as determined by this computation, $(\$13.63 + \$23.44 \div 2)$. The relative change in taxable value, if a phase-in approach was adopted, for that land would be 0.36.

The most dramatic increases in taxable values occur in the irrigated land classes (Class 1-3) and continuously-cropped hayland (Class 6). Those receiving the largest reductions in taxable values are the more productive non-irrigated summer fallow farmland (Class 4), non-irrigated continuously-cropped farmland (Class 7), and to a lesser extent the more productive grazing land (Class 5). Table 2 features the recommended and mandated (MCA 15-7-201) schedules for various land classes and grades. In all cases, the taxable value is higher for the mandatory than the recommended. The total taxable value of all agricultural land under the recommended system is equal to the total under the current schedules. The total taxable value under the mandated system averages about 258% greater than either the current schedules or the recommended system. The mandated system is not recommended by the Committee.

TABLE 1. EXAMPLES OF CURRENT AND RECOMMENDED SCHEDULES

			C	urrent	Recomme	Recommended		
Class	Class Grade Yield		Assessed Taxable Value Value		Assessed Value*	Taxable Value	Change in Taxable Value	
1	2	3.70	45.44	13,63	607.13	23.44	0.72	
i	5	2.20	18.43	5.53	281.81	10.88	0.97	
2	2	3.70	35.00	10.50	546.41	21.09	1.01	
2	5	2.20	15.81	4.74	253.63	9.79	1.06	
3	2	3.70	28.47	8.54	485.70	18.75	1.20	
3	5	2.20	13.82	4.15	225.45	8.70	1.10	
4	1A5	34.50	61.37	18.41	262.12	10.12	-().45	
4	2B	18.50	19.17	5.75	140.56	5.43	-(),()6	
4	3B	12.50	9.44	2.83	94.97	3.67	0.29	
5	1A	8.00	20.51	6.15	133.89	5.17	-0.16	
5	3	32.50	3.72	1.12	32.96	1.27	0.14	
5	5	77.50	1.47	().44	13.82	0.53	0.21	
6	4	1.70	29.43	8.83	368.69	14.23	0.61	
6	6	0.70	10.05	3.02	151.81	5.86	0.94	
7	1A2	40.50	108.17	32.45	615.41	23.75	-(),27	
7	6	24.50	42.96	12.89	372.29	14.37	0.12	

Note: (1) All irrigated land (Classes 1, 2 and 3) used a water cost of \$12.50, and (2) Classes 1-3 and 6 yields are tons of hay per acre; Classes 4 and 7 yields are bushels of wheat per acre; and Class 5 is acres per AUM of grazing. Class 1 comprises less than 1%, Class 2 comprises less than 1%, Class 3 comprises 1.5%, Class 4 comprises 24%, Class 5 comprises 71%, Class 6 comprises 2%, and Class 7 comprises less than 1% of the agricultural land in Montana.

^{*} Interpolated from current schedules.

TABLE 2. EXAMPLES OF MANDATED AND RECOMMENDED SCHEDULES

				ndated 15-7-201)	Recommended		
Class	Grade	Yield	Assessed Value	Taxable Value	Assessed Value*	Taxable Value	
1	2	3.70	252.31	75.69	607.13	23.4	
. [5	2.20	113.21	33.96	281.81	10.8	
2	2	3.70	227.08	68.12	546.41	21.0	
2	5	2.20	101.89	30.57	253.63	9.79	
3	2	3.70	201.85	60.55	485.70	18.7	
3	5	2.20	90.57	27.17	225.45	8.7	
4	1A5	34.50	122.18	36,66	262.12	10.1	
4	2B	18.50	65.52	19.66	140.56	5.4	
4	3B-	12.50	44.27	13.28	94.97	3.6	
5	1A	8.00	62,05	18.61	133.89	5.1	
5	3	32.50	15.27	4.58	32.96	1.2	
5	. 5	77.50	6,40	1.92	13.82	0.5	
6	4	1.70	157.65	47.29	368.69	14.2	
6	6	0.70	64.91	19.47	151.81	5.8	
7	1A2	40.50	286.87	86.06	615.41	23.7	
7	6	24.50	173.54	52.06	372.29	14.3	

Note: (1) All irrigated land (Classes 1, 2 and 3) used a water cost of \$12.50, and (2) Classes 1-3 and 6 yields are tons of hay per acre; Classes 4 and 7 yields are bushels of wheat per acre; and Class 5 is acres per AUM of grazing. Class 1 comprises less than 1%, Class 2 comprises less than 1%, Class 3 comprises 1.5%, Class 4 comprises 24%, Class 5 comprises 71%, Class 6 comprises 2%, and Class 7 comprises less than 1% of the agricultural land in Montana.

^{*} Interpolated from current schedules.

AGRICULTURAL ADVISORY COMMITTEE REPORT

September 1992

AGRICULTURAL ADVISORY COMMITTEE REPORT

TABLE OF CONTENTS

Ì.	Introduction
11.	History
H.	Current System
IV.	Revised System
	Valuation Formula2Effective Tax Rate5Effect of Inflation6Measuring Returns to Farmland6Land Rent6The Capitalization Rate7
.V.	Current versus Revised System
	Discussion of Results
VI.	Summary of Recommendations
	Primary Recommendations
	Appendix A. MCA 15-7-201
	List of Department of Revenue Agricultural Land Advisory Committee Members
	Appendix B. Inflation and Capitalization

LIST OF TABLES

Table 1.		ssed Values for Montana icultural Lands	. 3
Table 2.		ssed Values for Montana Agricultural Lands	. 4
Table 3.		Ratio of Cropland in Montana,	. 7
Table 4.	Average Price	es and Capitalization Rate	14
Table 5.		Current and Recommended justments	15
Table 6.		Mandated and Recommended justments	16
Appendix 7	Γable 1.	Class 1: Maximum Rotation Irrigated Lands (Recommended)	25
Appendix 1	Γable 2.	Class 2: Medium Rotation Irrigated Lands (Recommended)	26
Appendix 1	Γable 3.	Class 3: Minimum Rotation Irrigated Lands (Recommended)	27
Appendix 1	Γable 4.	Class 4: Non-irrigated Summer Fallow Farmland (Recommended)	28
Appendix 1	Γable 5.	Class 5: Grazing Land (Recommended)	28
Appendix 7	Γable 6.	Class 6: Continuously-cropped Hayland (Recommended)	29
Appendix 7	Гable 7.	Class 7: Non-irrigated Continuously-cropped Farmland (Recommended)	29
Appendix 7	Гable 8.	Class 1: Maximum Rotation Irrigated Lands (Mandated)	30
Appendix 7	Гable 9.	Class 2: Medium Rotation Irrigated Lands (Mandated)	31
Appendix '	Γable 10.	Class 3: Minimum Rotation Irrigated Lands (Mandated)	32
Appendix 7	Γable 11.	Class 4: Non-irrigated Summer Fallow Farmland (Mandated)	33
Appendix '	Гable 12.	Class 5: Grazing Land (Mandated)	33
Appendix 7	Table 13.	Class 6: Continuously-cropped Hayland (Mandated)	34
Appendix	Γable 14.	Class 7: Non-irrigated Continuously-cropped Farmland (Mandated)	34

I. INTRODUCTION

The Agricultural Advisory Committee was appointed by Governor Stephens as provided in 15-7-201, MCA to review and recommend changes in the valuation of agricultural lands for tax purposes. A copy of the 15-7-201 statute, along with a list of the committee members, is presented in Appendix A.

This report presents the findings and recommendations of the Agricultural Advisory Committee. The remainder of the report is divided into four sections: Section II provides a historical perspective to this process, Section III discusses the current system of land valuation, Section IV presents two revised systems of land valuation (one revised system is based on the recommendations of the Committee; the other system, referred to as "mandated," is consistent with 15-7-201, MCA), Section V examines the effects of changing from the current system to the revised systems, and Section VI summarizes the recommendations and conclusions of the Agricultural Advisory Committee.

The Committee's charge to review and recommend procedures for determining agricultural land values is based on an understanding that current total agricultural land taxable value will not be changed. As such, no part of this report should be interpreted as a recommendation for a change in total agricultural land taxable value.¹

The Committee developed the recommended modifications for agricultural land taxable value using the following considerations:

- (1) Fairness It is the belief of the Committee that agricultural land generating similar returns net of production costs should be taxed in a similar manner. Land generating differing levels of returns net of production costs should be taxed in proportion to the returns generated. It is also the belief of the Committee that the method of taxing agricultural real property should be consistent with non-agricultural real property.
- (2) <u>Simplicity</u> The tax system should be designed to be as understandable as reasonably possible.
- (3) Administrative Feasibility The tax system should be administratively efficient (low cost). Usually simpler systems are less expensive and easier to update than complex systems.
- (4) <u>Stability</u> Tax systems should adjust to long-term economic trends but not vary with short-term economic fluctuations.

It is the intent of the Committee to recommend a mechanism which meets these criteria and is easily updated.

¹The Committee depended on available data in meeting this requirement. However, the revised schedules account for higher water costs, whose distribution is unknown. Because irrigated land accounts for approximately 3% of the agricultural land, the impact should be minor.

II. HISTORY

The current agricultural land valuation schedules were developed under the guidance of the Board of Equalization in the early 1960s. As of July 1, 1973, the Department of Revenue was delegated the responsibility for classifying all agricultural lands.

Over the past thirty years, various aspects of these schedules have been debated. During the 1985 reappraisal cycle, the Department of Revenue, with the assistance of agricultural representatives, recommended revisions in the valuation schedules. However, after public debate, the 1985 Legislature froze the current agricultural land valuation schedules and provided direction for developing future agricultural land schedules.

The last Legislature called for a review of and recommended changes in the valuation schedules (15-7-201 MCA). Since the current schedules are virtually the same as those developed in the early 1960s (although some modifications have occurred) and since there has been substantial changes in many aspects of the economy, it is only reasonable and fair that the agricultural land valuation schedules be reviewed and modified as appropriate.

III. CURRENT SYSTEM

The current agricultural land value schedules used by the State of Montana for tax assessment are presented in Tables 1 and 2. The non-irrigated agricultural land values in Table 2 were originally developed and adopted by the Board of Equalization in 1962. The irrigated land values in Table 1 were originally developed by the Montana Association of County Commissioners but also adopted by the Board of Equalization in September of 1962.

IV. REVISED SYSTEM

The Committee recommends the following approach for calculating the assessed value of agricultural land.

Valuation Formula

The revised systems of determining agricultural land values are based on a simple relationship between the productive value of land and the expected returns from that land. The productive value of land is the sum of money that would earn annual interest equal to the annual expected returns from owning the land. The relationship can be expressed in the following form:

Vr = R

where: V = productive value of land,

r = interest rate,

R = expected annual return.

TABLE 1. CURRENT ASSESSED VALUES FOR MONTANA IRRIGATED AGRICULTURAL LANDS

CLASS 1 (Maximum Rotation) Assessed Value Per Acre by Water Cost Classes

Grade	Tons Alfalfa Per Acre	Under \$1.50	\$1.50 - 2.49	\$2.50 - 3.49	\$3.50 - 4.49	\$4.50 - 5.49	\$5.50 - 6.49	\$6.50 - 7.49	\$7.50 & Over
1A 1B	4.5 + 4.0-4.4	110.40 94.70	103.74 88.98	97.07 83.26	90.40 77.55	83.74 71.83	77.07 66.11	70.40 60.39	63.74 54.68
2	3.5-3.9	78.70	73.96	69.20	64.45	59.70	54.94	50.19	45.44
3	3.0-3.4	63.70	59.85	56.00	52.16	48.31	44.47	40.62	36.78
4	2.5-2.9	48.53	45.60	42.67	39.74	36.81	33.88	30.95	28.02
5	2.0-2.4	31.92	30.00	28.07	26.14	24.21	22.29	20.36	18.43
6 .	1.5-1.9	19.86	18.67	17.47	16.27	15.07	13.87	12.67	11.47
7	1.0-1.4	11.37	10.69	10.00	9.31	8.63	7.94	7.25	6.57
88	-1.0	4.55	4.28	4.00	3.72	3.45	3.18	3.06	3.06

CLASS 2 (Medium Rotation) Assessed Value Per Acre by Water Cost Classes

Grade	Tons Alfalfa Per Acre	Under \$1.50	\$1.50 - 2.49	\$2.50 - 3.49	\$3.50 - 4.49	\$4.50 - 5.49	\$5.50 - 6.49	\$6.50 - 7.49	\$7.50 & Over
1A 1B	4.5+ 4.0-4.4	97.26 81.72	90.60 76.12	83.93 70.52	77.27 64.92	70.60 59.32	63.94 53.72	57.27 48.12	50.60 42.52
2	3.5-3.9	67.27	62.66	58.05	53.44	48.83	44.22	39.61	35.00
3	3.0-3.4	53.90	50.21	46.51	42.82	39.12	35.43	31.73	28.04
4	2.5-2.9	41.60	38.76	35.90	33.05	30.20	27.35	24.49	21.65
5	2.0-2.4	30.39	28.31	26.22	24.14	22.06	19.98	17.89	15.81
6	1.5-1.9	19.86	18.67	17.47	16.27	15.07	13.87	12.67	11.47
7	1.0-1.4	11.37	10.69	10.00	9.31	8.63	7.94	7.25	6.57
8	-1.0	4.55	4.28	4.00	3.72	3.45	3.18	3.06	3.06

CLASS 3 (Minimum Rotation) Assessed Value Per Acre by Water Cost Classes

Grade	Tons Alfalfa Per Acre	Under \$1.50	\$1.50 - 2.49	\$2.50 - 3.49	\$3.50 - 4.49	\$4.50 - 5.49	\$5.50 - 6.49	\$6.50 - 7.49	\$7.50 & Over
1A	4.5+	86.26	79.60	72.93	66.27	59.60	52.94	46.27	39.60
1B	4.0-4.4	73.84	68.14	62.43	56.72	51.02	45.31	39.60	33.90
2	3.5-3.9	62.01	57.22	52.43	47.64	42.84	38.05	33.26	28.47
3	3.0-3.4	50.79	46.86	42.94	39.02	35.09	31.16	27.24	23.32
4	2.5-2.9	40.15	37.05	33.95	30.85	27.74	24.64	21.54	18.43
5	2.0-2.4	30.11	27.78	25.46	23.13	20.80	18.48	16.15	13.82
6	1.5-1.9	19.86	18.67	17.47	16.27	15.07	13.87	12.67	11.47
7	1.0-1.4	11.37	10.69	10.00	9.31	8.63	7.94	7.25	6.57
8	-1.0	4.55	4.28	4.00	3.72	3.45	3.18	3.06	3.06

TABLE 2. CURRENT ASSESSED VALUES FOR MONTANA NON-IRRIGATED AGRICULTURAL LANDS

Grade

1

2

3

4

5

6

7

CLASS 4 Non-irrigated Farmland

CLASS 6 Continuously Cropped Hay Land

Tons of Hay Assessed Value

Per Acre

67.60

53.03

41.38

29.43

19.38

10.05

5.54

Grade	Wheat Per Acre on Summer Fallow	Assessed Value Per Acre
1A8	40 & over	81.08
1A7	38-39	74.51
1 A 6	36-37	67.94
1A5	34-35	61.37
1A4	32-33	54.80
1A3	30-31	48.60
1A2	28-29	42.79
1A1	26-27	37.31
1A	24-25	32.22
1B	22-23	27.50
2A	20-21	23.15
2B	18-19	19.17
2C	16-17	15.56
3A	14-15	12.31
3B	12-13	9.44
4A	10-11	6.94
4B	8- 9	4.81
5	Under 8	3.06

CLASS 7 Non-irrigated Continuously Cropped Farmland

Per Acre

3.0 & over

2.5-2.9

2.0-2.4

1.5-1.9

1.0-1.4

.5-.9

Less than .5

Grade	Bu. of Wheat Per Acre Each Year	Assessed Value Per Acre
1A4	44 & over	125.71
1A3	42-43	116.94
1A2	40-41	108.17
1A2 1A1	38-39	99.40
1A1	36-37	90.63
1	34-35	81.86
2	32-33	73.09
3	30-31	64.81
4	28-29	57.05
5	26-27	49.75
6	24-25	42.96
7	22-23	36.67
8	20-21	30.87
9	18-19	25.56
10	16-17	20.75
11	14-15	16.41
12	12-13	12.59
13	10-11	9.25
14	Less than 10	

CLASS 5 Grazing Land

Grade	Acres Per 1000# Steer 10 Mos.	Assessed Value Per Acre
1A2	Under 3	71.69
1A1	3-5	44.18
1A+	5.1-5.9	31.27
1A	6-10	20.51
1B	11-18	10.53
2A	19-21	7.17
2B ·	22-27	5.42
3	28-37	3.72
4	38-55	2.52
5	56-99	1.47
6	100 or ove	r .82

Solving for the productive value, the formula is usually written as:

$$V = R$$

where the interest rate r, by which the expected annual return is converted into its equivalent market value, is called the capitalization rate.

For example, if a parcel of land is expected to generate returns of \$10,000 per year and the appropriate capitalization rate is 8 percent, then the productive value of the land is \$125,000 (10,000/.08). That is, the \$125,000 invested at an interest rate of 8 percent would earn an amount equal to the annual expected return from owning the land (\$10,000).

Effective Tax Rate

In the case of land that is taxed, the above valuation formula must be altered. For land that is taxed, the productive value is still the amount of money that would earn annual interest equal to the annual returns from owning the land. The annual returns from owning the land are now reduced by the tax. The tax equals the value of the land times the effective property tax rate. The valuation formula now takes the form:

$$Vr = R - Vt$$

where:

t = effective property tax rate.

Solving for the value,

$$Vr + Vt = R$$

$$V(r + t) = R$$

$$V = \frac{R}{(r+t)}$$

where r + t is the capitalization rate.

For example, if a parcel of land is expected to yield a permanent return of \$10,000 per year, the appropriate interest rate is 8 percent, and the property tax rate is 2.5 percent of productive value, then the value of the land is \$95,238 (\$10,000/.105). The effect of the 2.5 percent tax is a reduction in the value of land from \$125,000 to \$95,238. The value of the land has fallen because the expected returns from owning the land are lower due to the tax.

This is the traditional and widely-accepted discounted value of earnings approach to valuing land. Because the returns to land and capitalization rate are assumed to be constant into perpetuity, it is referred to as the capitalized value of earnings approach.

Effect of Inflation

An often misunderstood aspect of the capitalized value of earnings approach is the effect of inflation. Inflation impacts both the interest rate and the returns. With inflation, an inflation premium is included in the interest rate to reimburse investors for the erosion in future purchasing power. If returns are expected to be constant without inflation, then returns are expected to increase with inflation. It is correct to use an interest rate which includes the inflation premium, along with explicitly accounting for the influence of inflation on future returns. In order to do this, however, the capitalization formula as outlined above cannot be used. The returns are changing each year due to inflation and a different capitalization formula must be used (see Appendix B). The usual approach is to choose an interest rate which does not include an inflation premium and apply it to returns which are expected to remain unchanged in constant valued dollars (exclude the influence of inflation). The principal issues then become how to measure the returns to farmland and what is the appropriate interest rate for determining farmland values.

Measuring Returns to Farmland

The obvious measure of returns to farmland is net income from farm production, where net income is generally defined as gross income from production less production expenses. Net income is the measure of returns currently proposed by the Montana Legislature for determining land market values. Specifically, an average of the net income produced over a complete crop rotation cycle is proposed.

Although the net income measure is intuitively appealing, there are problems with estimating net income in practice. The main concerns are the lack of availability of appropriate data and the time and other expense involved in updating the data. In particular, accurate estimates of operating expenses are difficult and expensive to obtain.

Land Rent

A simpler measure of returns to farmland is the rental value of land. The rationale for using the rental value of land as a measure of returns to farmland is simple. Farmland can be rented under a cropshare rental arrangement where the owner of the land (the landlord) receives a certain share or percentage of the crop produced by the tenant as rent for use of the land. The value of the percentage of the crops received by the landlord under this arrangement is a measure of the net returns to the farmland in production.

Suppose a tenant and landlord agree, for example, to a 1/4 cropshare rental arrangement. The return to the landlord for the land in production under this arrangement is 25 percent of the gross revenue. This is the net return to the land in production. The remaining 75 percent of the gross revenue represents costs to the landlord and compensation to the tenant for nonland inputs. If the gross revenue from production is \$150,000, the returns to land in producing the crop are \$37,500

(150,000 x .25). The remaining \$112,500 (150,000 x .75) represents returns to the tenant and costs of production to the landlord for the tenant's inputs.

Unlike the net income measure, the data needed to estimate land rent as a measure of returns to farmland are readily available and easy to update. All that is required is a determination of the appropriate cropshare arrangement and data on crop prices and yields. For these reasons, the Committee recommends the rental value of land as the measure of returns to farmland for determining agricultural land values. It is used as the measure of returns to farmland in the upcoming analysis of the revised system as recommended by the Committee, and in the revised system as mandated by the Legislature.

The Capitalization Rate

The capitalization rate is the rate at which individuals discount future income exclusive of any expectations they may have about inflation. That is, individuals expect to be reimbursed for giving up a current sum of money for future returns from farmland over and above any reimbursements for a decline in the purchasing power of those returns due to general price inflation. The rate of return they expect to earn as reimbursement for this tradeoff is the capitalization rate. Since it does not include any inflation component, the capitalization rate is essentially a measure of the expected real rate of return.

Because nominal rates of interest as mandated in 15-7-201, MCA lead to incorrect land values under the capitalized value of earnings approach (unless inflation is included in the returns and an expanded form of the valuation formula is used), the Committee recommends a measure of a capitalization rate based on rent-to-value ratios. Rent-to-value ratios compare the annual cash rent for which land is or can be leased to the cost of acquiring the land. Cropland rent-to-value ratios from 1986 to 1990 are presented in Table 3.

TABLE 3. RENT-TO-VALUE RATIO OF CROPLAND IN MONTANA, 1986-1990

Rent/Value (%)^a Year Irrigated Non-irrigated **Pasture** 1986 6.6 8.4 4.1 1987 6.1 10.1 5.0 1988 5.6 7.8 3.3 1989 8.5 8.4 6.3 1990 8.3 8.3 6.8 7.02 8.60 5.1 Average

^a Rent-to-value ratios obtained from *Agricultural Resources*, Agricultural Land Values and Markets, United States Department of Agriculture, June 1990.

The average annual per acre rent-to-value ratio from 1986 to 1990 was 7.02 percent for irrigated land, 8.60 percent for non-irrigated land, and 5.1 percent for pasture or grazing land. These averages are useful in determining agricultural land values because they are a measure of the rate of return individuals might expect, including a return for taxes. That is, the average annual return to irrigated cropland of 7.02 percent is a measure of the return individuals expect for foregoing current income for future returns plus a return for taxes. It is the judgement of the Committee that the appropriate long-term capitalization rate is 6.4% for all classes of agricultural land. While Table 3 indicates some short-term fluctuations, the Committee believes the longer-term capitalization rate is more stable and should remain at 6.4%.

V. CURRENT VERSUS REVISED SYSTEM

The following analysis explores the effects of changing from the current system of agricultural land tax assessment in Montana to the revised systems as recommended by the Committee and as mandated by the Legislature. Both of the revised systems are based on the capitalized value of earnings, where the rental value of land is used as a measure of the returns to farmland.

The first part of this section describes the data used in the analyses. The second part discusses the results.

Description of Data

Both the recommended and mandated revised systems use the following land classification scheme, which is a modification of the current system. The schedules for the revised system as recommended by the Committee are presented in Appendix Tables 1 through 7. The schedules for the revised system as mandated are presented in Appendix Tables 8 through 14. (The Appendix tables are presented at the end of this report.)

The land is divided into seven classes: Classes 1 through 3 are tillable irrigated lands — maximum, medium, and minimum rotation respectively; Class 4 is non-irrigated summer fallow farmland; Class 5 is grazing land; Class 6 is continuously cropped hay land; and Class 7 is non-irrigated continuously cropped farmland. Within each class of land, different levels of productive quality or grades of the land are specified. For example, each class of tillable irrigated land (Classes 1 through 3) has nine production levels/grades of land labeled as Grades 1A - 8. Grade 1A is the most productive land, in terms of output produced on tillable irrigated lands, while Grade 8 is the least productive. These grades or production categories are identical to those used in the current agricultural land value schedules (Tables 1 and 2).

For each class/grade of land, the following variables are determined:

Water Cost (on irrigated land)

Water cost is the per acre energy cost of irrigation equipment plus labor. The energy cost is a seven-year Olympic average² under the revised system recommended by the Committee, and three-year averages under the mandated revised system. Labor costs are zero for pivot sprinkler irrigation systems; \$4.50 per acre for tow lines, side roll, and lateral sprinkler irrigation systems; and \$9.00 per acre for hand-move and flood irrigation systems.

Seven water cost categories — \$2.50, \$7.50, \$12.50, \$17.50, \$22.50, \$27.50, and \$32.50 — are recommended for each grade of land in each of the three classes of irrigated land (Classes 1 through 3). These categories — \$2.50, \$7.50, \$12.50, \$17.50, \$22.50, \$27.50, and \$32.50 — are different from the various water cost categories used in the current schedules (Table 1) and are referred to in this report as the redefined water cost categories. The water cost for all other non-irrigated class/grade categories of land is zero. For irrigated parcels of 40 acres or less, water costs are \$12.50 per acre rather than the labor and energy costs.

Yield

Yield is the average of the high and low amounts of base crop produced per acre of land in each grade, as presented in the current schedules of land values (Tables 1 and 2). For example, the yield for Class 1/Grade 1B land in the current schedule (Table 1) is from 4.0 to 4.4 tons of alfalfa per acre. This is converted to an average yield of 4.2 tons of alfalfa per acre. In cases where the land is used to produce a variety of different crops, the predominant crop produced is the base crop. For example, alfalfa is the base crop for tillable irrigated lands, Classes 1 through 3, and continuously-cropped hayland, Class 6. Wheat is the base crop for non-irrigated farmlands, Class 4 and Class 7.

For Class 5 grazing land, yield is the number of acres required to support a 1,000 lb steer per month (acres per animal unit month). It is calculated as 10 divided into the average of the maximum and minimum number of acres required to support a 1,000 lb steer for 10 months, as shown in Table 2 of the current schedules.

On non-tillable irrigated grazing land, the yield, under the recommended system, will be based upon grazing capacity bas follows:

Animal Unit 700 Lbs. of Dry Matter Yield =
$$\frac{\text{Months of Grazing x}}{\text{Months of Grazing x}} \frac{\text{Per AUM}}{2,000 \text{ Lbs/Ton}}$$

²The Olympic average excludes the highest and lowest price over that seven-year period.

Current Assessed Value

Current assessed value is the per acre value of land currently used by the Montana Department of Revenue for assessing taxes, as presented in the current agricultural land value schedules (Tables 1 and 2).

For all non-irrigated lands (Classes 4-7, Appendix Tables 4-7), the current assessed values are identical to those given in the current schedule for non-irrigated land (Table 2). In the case of irrigated lands (Classes 1-3, Appendix Tables 1-3), the current assessed value for each of the six redefined water cost categories — \$2.50, \$7.50, \$12.50, \$17.50, \$22.50, \$27.50 and \$32.50—is an average of the various water cost categories given in the current schedule for irrigated lands (Table 1). The value for the \$2.50 water cost category is the average of the values for the \$1.50 to \$3.49 water cost categories; the value for the \$7.50 category is the average of the values for the \$6.50 to \$7.50 and above categories. The values for the \$12.50, \$17.50, \$22.50, \$27.50 and \$32.50 water cost categories are identical to the values for the \$7.50 and over water cost category in the current schedule.

Adjusted Assessed Value

The adjusted assessed value is the capitalized average of the rental value of land. It is calculated as:

$$V = \frac{R}{(r+t)}$$

where: V = adjusted assessed value,

R = an average of the past and present rental value of land per acre,

r = interest rate,

t = effective tax rate.

In the case of Class 1 irrigated land and non-irrigated cropped farm and hay lands (Classes 4, 6, and 7), a 1/4 cropshare rental arrangement is used. This is the common 1/3 cropshare arrangement in Montana, less 25 percent for oversight and other general management costs borne by the landlord. The average of the past and present rental value of land (R) is then calculated as 1/4 of the crop yield per acre of land times an average price for that crop. On non-irrigated farmland (Class 4), 1/8th is used to adjust for summer fallow where crops are planted every other year. If the land is irrigated (Classes 1-3), labor and energy water costs are deducted from the rental value of the land.

The cropshare is multiplied by the commodity price to calculate returns. For the revised system recommended by the Committee, the average price for all commodities is a seven-year Olympic average for the period 1983 to 1989. A three-year average for the period 1987 through 1989 is used in the revised system mandated by the Montana Legislature. A seven-year Olympic average is recommended over a three-year average to reduce the influence of years with atypically-high or low prices. Crop price data are obtained from *Montana Agricultural Statistics* 1990. Grazing fee data are from the Montana Crop and Livestock Reporting Service.

Two adjustments are made in calculating average prices. First, based on information from the Montana Crop and Livestock Reporting Service that the reported price of hay may not be representative of the typical hay produced in Montana because of higher quality and higher-priced hay commonly traded in the market, the average price of hay is multiplied by 80 percent. Second, because of the new farm program, the "effective price" of wheat in each year is calculated as a weighted average of the current target price and market price of wheat. The weights are based on (1) the percent of total base acres eligible for government payments and (2) the percent of total base acres that can be planted and sold in the market. For example, on a 100 acre parcel in Montana, the average farm program base acreage would be 60 acres. Of the 60 acre base, 70% or 42 acres can be planted and will be eligible for government payments. For the remaining acres, 15% of the base (60) or 9 acres can be planted as "flex acres" and the production can be sold at the market price. The remaining 15% of the base (60) or 9 acres (called ACR Acres) cannot be planted. From this information, a weighted average for wheat is calculated based on the target price and the market price received for the "flex acres" production.

For example, the weighted average price including government program acreage and flex acreages is:

This would be the "effective price" for wheat. The market price of wheat used to calculate the effective price is either the seven-year Olympic average or the three-year average for the recommended or mandated system, respectively.

In the case of Class 5 grazing land, the average of the past and present per acre net rental value of land is calculated as 75 percent of the average grazing fee for a 1,000 pound animal divided by the number of acres required to support a 1,000 pound steer per month (acres per animal unit month).

As discussed earlier, the capitalization rate for the revised system as recommended by the Committee is based on the annual per acre rent-to-value ratios for cropland as reported in Table 3. The rate recommended is 6.4 percent.

The capitalization rate for the revised system mandated by the Montana Legislature is the annual average interest rate on agricultural loans reported by the Federal Land Bank Association of Spokane, Washington (11.085 percent) plus the effective tax rate. The effective tax rate is calculated by dividing the average tax liability per acre of agricultural land by the average taxable value per acre of agricultural land. The derivation is:

$$(1) t = \underline{L}$$

(2) $L = \frac{\text{Total Ag Land Property Taxes}}{\text{Total Acres}}$

$$(3) V = \underline{Y}$$

Where:

t = effective tax rate,

L = average tax liability per acre³ = .896,

V = average taxable value per acre,

 $Y = average income per acre^4 = 4.602,$

r = interest rate = .11085.

Solving for V in Equation (1) above, equating with (3), and solving for t yields:

$$t = \frac{Lr}{Y - L}$$

$$t = \underline{(.896)(.11085)}$$

$$(4.602)-(.896)$$

$$t = .0268$$

Given the effective tax rate is 2.68 percent, the capitalization rate as mandated in 15-7-201, MCA is equal to 11.085 + 2.68 or 13.765 percent.

³The average tax liability per acre is calculated as the total number of agricultural acres divided into total agricultural land property taxes. Based on information from the Montana Department of Revenue, the total agricultural land in Montana is 50,417,997 acres. Total agricultural land property taxes are \$45,152,203. On average, then, the tax liability of agricultural land in Montana is \$0.896 per acre.

⁴The average income per acre is calculated as a weighted average of income across all grades and classes of land.

Adjustments in Irrigated Land Classes (crop rotation and growing season)

The adjusted assessed value is calculated as outlined above for all classes of land except Class 2 and Class 3 irrigated lands. The adjusted assessed value for Class 2 land is calculated as 90 percent of the value for Class 1 land; Class 3 land is 80 percent of the value for Class 1. These adjustments reflect the judgement of the Committee on the three classes of land based on productivity. Among other things, productivity includes climatic conditions, soil fertility, and possible crops that can be grown. In cases where the adjusted assessed value is less than \$5 per acre, the value is assumed to be \$5. The minimum adjusted assessed value under both the revised system recommended by the Committee and the mandated revised system is, thus, \$5 per acre.

Taxable Value

The taxable value⁵ is calculated by multiplying the assessed value by the taxable rate. The Committee recommends that the taxable rate be reduced from its current level of 30% to 3.86%, consistent with the taxable rate for residential, commercial, and industrial property for the recommended system.⁶

To illustrate the impact of the recommendation, consider Class 5, Grade 3 land (grazing land, 1 AUM per 3.25 acres — the class containing the most acres of land). The current assessed value is \$3.72 per acre, which when multiplied by the taxable rate of 30% yields the current taxable value of \$1.12. The recommended adjusted assessed value is \$32.96 per acre, which when multiplied by the taxable rate of 3.86% yields an adjusted taxable value of \$1.27. The relative change in taxable value is the adjusted taxable value divided by the current taxable value, or in this case.

Relative Change =
$$\frac{1.27}{1.12}$$
 - 1 = .13

The relative change of .13 means that the taxable value increased by 13% for this land category under the recommended system.⁷

Table 4 summarizes the average prices, capitalization rate, and taxable value used in calculating the adjusted values as recommended by the Committee and as mandated by the Legislature.

⁵The mill levy is multiplied by the taxable value to calculate the tax liability.

^{615-7-201,} MCA provides no guidance on the appropriate taxable rate so the current taxable rate of .3 was used to calculate the taxable value under the mandated system.

⁷Various tables in this report show a relative change of 14% for Grade 5, Class 3 land. The difference is due to rounding.

TABLE 4. AVERAGE PRICES AND CAPITALIZATION RATE

	Recommended	15-7-201, MCA
Price of Hay	55.52	51.06
Price of Wheat (effective)	3.89	3.90
Grazing Fee	9.14	9.11
Capitalization Rate	6.40%	13.765%
Taxable Rate	3.86%	30%

Discussion of Results

This section discusses the results using a capitalization rate of 6.4 percent and a seven-year Olympic price average as recommended by the Agricultural Advisory Committee. These results are presented in Appendix Tables 1 through 7. Combining the seven-year Olympic average, as discussed previously, with the taxable rate of 3.86, results in the aggregate taxable value of agricultural land being equal to the aggregate taxable value of land under the current system⁸. A 13.765 percent capitalization rate and three-year price average were used to develop the revised system as mandated by 15-7-201 MCA, and the results are listed in Appendix Tables 8 through 14. The taxable values under the mandated system are substantially increased from their current values (note relative changes). Thus, Appendix Tables 8 through 14 are provided for informational purposes and are not viewed, as they stand, as a reasonable alternative.

Table 5 allows comparisons between the current schedules and the recommended schedules (for example, class and grade). The most dramatic increases in taxable values occur in the irrigated land classes (Class 1-3) and continuously-cropped hayland (Class 6). Those receiving the largest reductions in taxable values are the more productive non-irrigated summer fallow farmland (Class 4), non-irrigated continuously-cropped farmland (Class 7), and to a lesser extent the more productive grazing land (Class 5). Table 6 features the recommended and mandated (MCA 15-7-201) schedules for various land classes and grades. In all cases, the taxable value is higher for the mandatory than the recommended. The total taxable value of all agricultural land under the recommended system is equal to the total under the current schedules. The total taxable value under the mandated system averages about 258% greater than either the current schedules or the recommended system.

⁸As mentioned in an earlier footnote, the distribution of redefined water costs is not known. As a result, it is not possible to determine whether the total taxable value under the recommended system is exactly equal to the current system. However, the Committee believes that the recommended system results in a total taxable value within 1% of the current system.

TABLE 5. EXAMPLES OF CURRENT AND RECOMMENDED SCHEDULES

•			C	urrent	Recomme	nded	Relative Change in
Class	Grade	Grade Yield Assessed Value		Taxable Value	Assessed Value*	Taxable Value	Taxable Value
1	2	3.70	45.44	13.63	607.13	23.44	0.72
1	5	2.20	18.43	5.53	281.81	10.88	0.97
2	2	3.70	35.00	10.50	546.41	21.09	1.01
2	5	2.20	15.81	4.74	253.63	9.79	1.06
3	2	3.70	28.47	8.54	485.70	18.75	1.20
3	5 .	2.20	13.82	4.15	225.45	8.70	1.10
4	1A5	34.50	61.37	18.41	262.12	10.12	-0.45
4	2B	18.50	19.17	5.75	140.56	5.43	-0.06
4	3B	12.50	9.44	2.83	94.97	3.67	0.29
5	1A	8.00	20.51	6.15	133.89	5.17	-0.16
5	3	32.50	3.72	1.12	32.96	1.27	0.14
5	5	77.50	1.47	0.44	13.82	0.53	0.21
6	4	1.70	29.43	8.83	368.69	14.23	0.61
6	6	0.70	10.05	3.02	151.81	5.86	0.94
7	1A2	40.50	108.17	32.45	615.41	23.75	-0.27
7	6	24.50	42.96	12.89	372.29	14.37	0.12

Note: (1) All irrigated land (Classes 1, 2 and 3) used a water cost of \$12.50, and (2) Classes 1-3 and 6 yields are tons of hay per acre; Classes 4 and 7 yields are bushels of wheat per acre; and Class 5 is acres per AUM of grazing. Class 1 comprises less than 1%, Class 2 comprises less than 1%, Class 3 comprises 1.5%, Class 4 comprises 24%, Class 5 comprises 71%, Class 6 comprises 2%, and Class 7 comprises less than 1% of the agricultural land in Montana.

^{*} Interpolated from current schedules.

TABLE 6. EXAMPLES OF MANDATED AND RECOMMENDED SCHEDULES

•				ndated 15-7-201)	Recomm	Recommended		
Class	Grade	Yield	Assessed Value	Taxable Value	Assessed Value*	Taxable Value		
1	2	3.70	252.31	75.69	607.13	23.44		
1	5	2.20	113.21	33.96	281.81	10.88		
2	2	3.70	227.08	68.12	546.41	21.09		
2	5	2.20	101.89	30.57	253.63	9.79		
3	2	3.70	201.85	60.55	485.70	18.75		
3	5	2.20	90.57	27.17	225.45	8.70		
4	1A5	34.50	122.18	36.66	262.12	10.12		
4	2B	18.50	65.52	19.66	140.56	5.43		
4	3B	12.50	44.27	13.28	94.97	3.67		
5	1A	8.00	62.05	18.61	133.89	5.17		
5	3	32.50	15.27	4.58	32.96	1.27		
5	5	77.50	6.40	1.92	13.82	0.53		
6	4	1.70	157.65	47.29	368.69	14.23		
6	6	0.70	64.91	19.47	151.81	5.86		
7	1A2	40.50	286.87	86.06	615.41	23.75		
7	6	24.50	173.54	52.06	372.29	14.37		

Note: (1) All irrigated land (Classes 1, 2 and 3) used a water cost of \$12.50, and (2) Classes 1-3 and 6 yields are tons of hay per acre; Classes 4 and 7 yields are bushels of wheat per acre; and Class 5 is acres per AUM of grazing. Class 1 comprises less than 1%, Class 2 comprises less than 1%, Class 3 comprises 1.5%, Class 4 comprises 24%, Class 5 comprises 71%, Class 6 comprises 2%, and Class 7 comprises less than 1% of the agricultural land in Montana.

^{*} Interpolated from current schedules.

VI. SUMMARY OF RECOMMENDATIONS

Primary Recommendations

The following changes are recommended by the Committee (which may not be consistent with MCA 15-7-201) to incorporate the desired level of stability and make the system of agricultural land taxation fairer, simple, and administratively feasible.

- 1. The assessed value of agricultural land should be determined by capitalizing the rental value of the land.
- 2. Rental value should be determined as 1/4 cropshare on all cropland.
- 3. Prices and grazing fees should be based on a seven-year Olympic historical average (with farm program considerations incorporated and hay prices and grazing fees adjusted, as discussed previously).
- 4. Water costs due to energy and labor costs should be deducted from the rental value prior to determining assessed value.
- 5. The water cost categories should be modified to account for higher costs.
- 6. The capitalization rate should be 6.4 percent.
- 7. The taxable rate should be reduced to 3.86 percent.

The Committee views these recommendations as a package to be considered in their entirety. The Committee is not offering these recommendations as a "pick and choose menu" where individual recommendations are selectively chosen or rejected.

These adjustments are intended to result in a statewide total taxable value of agricultural land equal to that under the current system. However, the Committee realizes the impacts may vary across tax districts and that a "phase in" period may be desirable.

Miscellaneous Recommendations

The Committee has reviewed the schedules, guidelines and Agricultural Land Classification manual adopted by the Department of Revenue. The Department has adopted approaches to the valuation of specific types of crops only common to certain areas of the state. The Committee recommends the following guidelines for valuation of those crops.

Cultivated Christmas Tree Farms

The following criteria should be met for acreage to be classified as a bona fide Christmas tree farm:

- 1. All trees must be cultivated or be under accepted, proven husbandry practices, and
- 2. All trees must be sheared on a regular basis, and
- 3. The acreage must contain a minimum of 2,000 trees.

If all criteria are met, the land classification for acreage that has been designated as a bona fide "Christmas Tree Farm" should be Grade 1A4 — Non-irrigated continuously-cropped farmland.

Cherry Tree Orchards

The land classification for acreage that has been designated as "Cherry Tree Orchard" land should be Grade 1A4 — Non-irrigated continuously-cropped farmland.

· Irrigated Land

The following criteria should be met for acreage to be classified as "Irrigated Land:"

- 1. The land must be irrigated a majority of the time, and
- 2. The land must have a reliable source of water.

If all criteria are met, the land classification for any land type, including grazing land, located within or outside of an irrigation district, should be <u>irrigated land</u>.

Exclusion of Improvement Value from Land Value Determination

The crop share lease approach to value used by the Committee does not include the use of improvements located on the land. Any value attributed to the farmstead or other structural improvements has been excluded from the land value determinations.

Irrigated Land Rotations (Minimum, Medium, Maximum)

There are three rotations, each indicative of the cash value achieved from the production of generally-accepted irrigated crops grown in a particular area. As shown below, these rotations are generally differentiated by the variety of crops which can be grown in a particular area (i.e., the options a grower has in rotating various crops on his/her irrigated cropland acreage). The number of frost-free days may influence the extent of options available. However, available cropping options are not limited exclusively by frost-free days.

Minimum Rotation: 90 or less frost-free days. Production from this land would be limited to alfalfa hay and small grains. Growers would not have the option to profitably produce any other crops over a sustained period of years.

Medium Rotation: 91 to 110 frost-free days. Lands are placed in this rotation when the grower has the option of producing a greater variety of crops than listed in the minimum rotation. Growers should be able to produce alfalfa hay, alfalfa seed, small grains, edible beans, sunflowers, safflowers, and potatoes.

Maximum Rotation: 110 or more frost-free days. These lands are capable of producing any crop which can typically be grown in Montana. Examples are all crops grown in minimum and medium rotations and, also, corn for silage, corn for grain, and sugar beets.

Climatological data should be utilized to assist appraisers in placing irrigated land into the proper rotation.

Speculative and Investment Lands

The Committee acknowledges that Montana currently classifies for tax purposes all of its lands into four broad categories, namely "Residential," "Commercial," and "Forestry," with everything else being classified as "Agriculture."

The Legislature has further deemed that all lands classified as "Agriculture" are to be taxed based upon the value of their agricultural productivity.

The Committee is aware of large portions of lands now in the "Agriculture" category that are being bought and sold for reasons other than for their agricultural productivity. These speculative and investment lands are largely owned because of their unique recreational, wildemess, scenic and environmental qualities, and their valuation is more akin to fine art and jewelry, rather than farms and ranches.

The Committee recommends that the legislature further study the proper taxation of speculative and investment lands, and consider removing these lands from the "Agriculture" categories.

Phase In

The Committee recommends that these adjustments to taxable values be phased into effect. On January 1, 1994, 50% of the recommended change in taxable value would occur. At the beginning of the subsequent reappraisal cycle, which is January 1, 1997, the remaining 50% adjustment would go into effect. For example, the current taxable value of one acre of Class 4, Grade 1A5 land is \$18.41 and the recommended taxable value is \$10.12. On January 1, 1994, the taxable value would be \$14.26 per acre and then become \$10.12 per acre on January 1, 1997.

Water Costs

The Committee encourages further discussion and analysis of the appropriate water costs to deduct in determining assessed value prior to effectuating the last 50% taxable value adjustment.

- 15-7-201. (Temporary -- applicable to 1986 land valuation schedules) Legislative intent -- value of agricultural property. (1) Since the market value of many agricultural properties is based upon speculative purchases which do not reflect the productive capability of agricultural land, it is the legislative intent that bona fide agricultural properties shall be classified and assessed at a value that is exclusive of values attributed to urban influences or speculative purposes.
- (2) Agricultural land shall be classified according to its use, which classifications shall include but not be limited to irrigated use, nonirrigated use, and grazing use. Within each class, land shall be assessed at a value that is fairly based on its ability to produce, taking into consideration the classification system in existence on January 1, 1986, provided, however, the department may consolidate tillable irrigated land classes. With relation to irrigated land, water costs shall be taken into consideration, except at no time may the resulting value of irrigated land be reduced below the value such land would have if it were not irrigated.
- (3) Capital costs, such as improved water distribution, fertilizer, and land shaping that increase productivity, shall not be used in determining assessed values.
- 15-7-201. * (Applicable to 1993 land valuation schedules) Legislative intent -- value of agricultural property. (1) Since the market value of many agricultural properties is based upon speculative purchases which do not reflect the productive capability of agricultural land, it is the legislative intent that bona fide agricultural properties shall be classified and assessed at a value that is exclusive of values attributed to urban influences or speculative purposes.
- (2) Agricultural land shall be classified according to its use, which classifications shall include but not be limited to irrigated use, nonirrigated use, and grazing use.
- (3) Within each class, land shall be assessed at a value that is fairly based on its productive capacity.
- (4) In computing the agricultural land valuation schedules to take effect on the date that the revaluation cycle commencing January 2, 1986, takes effect pursuant to 15-7-111 and, thereafter, on the effective date when each revaluation cycle takes effect, the department of revenue shall determine the productive capacity value of all agricultural lands using the formula V = I/R where:
- (a) V is the per-acre productive capacity value of agricultural land in each land use and production category;
- (b) I is the per-acre net income of agricultural land in each land use and production category and is to be determined by the department using the formula I = (P C) U where:
 - (i) I is the per-acre net income;
 - (ii) P is the per-unit price of the commodity being produced;
 - (iii) C is the per-unit production cost of the commodity being produced; and
 - (iv) U is the yield in units per acre; and
- (c) R is the capitalization rate to be determined by the department as provided in subsection (9).
 - (5) Net income shall be:
- (a) calculated for each year of a base period, which is the most recent 3-year period for which data are available, prior to a revaluation of property as provided in 15-7-111; and
- (b) based on commodity price and production cost data for the base period from such sources as may be considered appropriate by the department, which sources shall include Montana state university.

- (6) To the degree available, the department shall compile:
- (a) commodity price data reflecting the average prices received per unit of measure by Montana farmers and ranchers. Such data may be obtained from all geographical areas of the state. Commodity prices may include wheat, barley, alfalfa hay, grass hay, corn for grain, corn for silage, sugar beets, dry beans, potatoes, cattle, and sheep. Government payments may be considered. Typical rental arrangements may be considered.
- (b) production cost data reflecting average costs per unit of measure paid by Montana farmers and ranchers. Such data may be obtained from all geographical areas of the state. Such production costs may include costs relating to irrigation, fertilization, fuel, seed, weed control, hired labor, management, insurance, repairs and maintenance, and miscellaneous items. Variations in specific production cost data, when affected by different levels of production, and typical rental arrangements may be considered.
- (7) The department shall appoint an advisory committee of persons knowledgeable in agriculture and agricultural economics to review the data prepared by Montana state university and advise the department on the implementation of subsections (2) through (6). The advisory committee shall include one member of the Montana state university staff.
- (8) Net income shall be determined separately for lands in irrigated use, nonirrigated use, and grazing use and shall be calculated for each use and production level according to the provisions of subsections (4) through (7).
- (9) The capitalization rate shall be calculated for each year of the base period and is the annual average interest rate on agricultural loans as reported by the federal land bank association of Spokane, Washington, plus the effective tax rate in Montana.
- (10) The effective tax rate shall be calculated by the department for each year of the base period by dividing the total estimated tax due on agricultural land in the state by the total productive capacity value of agricultural land in the state.
- * The July, 1992, Special Session of the Montana Legislature enacted House Bill 52 which makes this section applicable in 1994.

Appendix A

DEPARTMENT OF REVENUE AGRICULTURAL LAND ADVISORY COMMITTEE MEMBERS

Larry Anderson Chester, MT 59522 406/456-3381

Senator Tom Beck 651 Greenhouse Road Deer Lodge, MT 59722 406/846-2452

David Bliss Sollid Route Conrad, MT 59425 406/278-7583

Al Evans 4300 Highway 87 South Roundup, MT 59072 406/323-2888

Representative Marion Hanson Box 237 Ashland, MT 59003 406/784-2357

Les Hirsch, Chair Tongue River Stage Route Miles City, MT 59301 406/421-5424 Robert Lenhardt 4345 King Avenue West Billings, MT 59106 406/656-3183

Ed Leuthold 2315 Poly Drive Billings, MT 59102 406/656-5782

Ted Underdahl Ledger, MT 59456 406/627-2241

Myles Watts
Agricultural Economics & Economics
306 Linfield Hall
Montana State University
Bozeman, MT 59717
406/994-3701

John Witt Star Route, Box 30 Carter, MT 59420 406/734-5451 or 406/622-3631 (Courthouse)

Appendix B

The productive value of land is the discounted present value of the expected stream of annual returns from the land. This relationship can be expressed as:

(1)
$$V = \sum_{t=1}^{n} \frac{R_t}{(1+r)^t} = \frac{R_1}{(1+r)} + \frac{R_2}{(1+r)^2} + \ldots + \frac{R_n}{(1+r)^n}$$

where:

V = productive value of land,

R = expected annual real returns from the land,

r = interest rate (no inflation),

t = year in which the return is received,

n = number of years returns are received.

If there is general inflation, two changes must be made to the valuation formula specified by Equation (1). First, the rise in annual returns due to inflation is included. Second, the interest rate will include an inflation component to reimburse lenders so that returns received in the future are now worth less in terms of their purchasing power. Because the interest rate includes an inflation component, it is measured in nominal terms. Irving Fisher has shown that the nominal interest rate (i) in this case is equal to (1 + r)(1 + g) - 1, where g is the rate of inflation.

Making both of these changes for general price inflation, the valuation formula becomes:

$$V = \sum_{t=1}^{n} \frac{R_{t}(1+g)^{t}}{(1+i)^{t}} = \frac{R_{1}(1+g)}{(1+i)} + \frac{R_{2}(1+g)^{2}}{(1+i)^{2}} + \ldots + \frac{R_{n}(1+g)^{n}}{(1+i)^{n}}$$

where: i = nominal interest rate

Substituting for i = (1 + r)(1 + g) - 1,

$$V = \sum_{t=1}^{n} \frac{R_{t}(1+g)^{t}}{\left[(1+r)(1+g)\right]^{k}} = \frac{R_{1}(1+g)}{(1+r)(1+g)} + \frac{R_{2}(1+g)^{2}}{\left[(1+r)(1+g)\right]^{2}} + \dots + \frac{R_{n}(1+g)^{n}}{\left[(1+r)(1+g)\right]^{n}}$$

Since the expression $(1 + g)^t$ appears in the numerators and denominators, the expressions cancel and the equation can be further reduced to:

(2)
$$V = \sum_{t=1}^{n} \frac{R_t}{(1+r)^t} = \frac{R_1}{(1+r)} + \frac{R_2}{(1+r)^2} + \ldots + \frac{R_n}{(1+r)^n}$$

Note that Equation (2) is identical to Equation (1). The land valuation formula, therefore, does not change as a result of general price inflation. The market value of land is still the discounted present value of the expected stream of annual returns from the land where the annual returns from the land and the interest rate are measured in real terms.

When the returns to land are constant into perpetuity, the valuation formula can be simplified further. If R is the same in each year into perpetuity, Equation (1) can be written as:

(3)
$$V = R \sum_{t=1}^{n} \frac{1}{(1+r)^{t}} = R \left[\frac{1}{(1+r)} + \frac{1}{(1+r)^{2}} + \ldots + \frac{1}{(1+r)^{n}} \right]$$

Multiplying by $\frac{1}{(1+r)}$,

(4)
$$\frac{V}{(1+r)} = R \left[\frac{1}{(1+r)^2} + \frac{1}{(1+r)^3} + \ldots + \frac{1}{(1+r)^{n+1}} \right]$$

Subtracting (4) from (3),

$$\frac{Vr}{(1+r)} = R \left[\frac{1}{(1+r)} - \frac{1}{(1+r)^{n+1}} \right]$$

Multiplying both sides by (1 + r),

$$Vr = R \left[1 - \frac{1}{(1+r)^a} \right]$$

Dividing through by r.

$$V = \frac{R}{r} \left[1 - \frac{1}{(1+r)^a} \right]$$

When land yields returns into perpetuity, n is very large and $V = \frac{R}{r}$.

In other words, the productive value of a parcel of land with a constant stream of annual returns into perpetuity is equal to the annual return divided by the interest rate. This is the capitalized value of earnings approach to valuing land. It assumes the returns to land and the interest rate are constant into perpetuity and measured in real terms.

AACAPPEZ MMW 05/21/92.m

Grade		· · · · · · · · · · · · · · · · · · ·		Curi	rent	Adju	sted*	Relative Change in
1A 7.50 4.70 67.07 20.12 902.13 34.82 0.73 1A 12.50 4.70 63.74 19.12 824.00 31.81 0.66 1A 17.50 4.70 63.74 19.12 824.00 31.81 0.66 1A 22.50 4.70 63.74 19.12 667.27 82.76 0.135 1A 27.50 4.70 63.74 19.12 667.27 82.76 0.135 1A 27.50 4.70 63.74 19.12 667.27 82.76 0.135 1A 27.50 4.70 63.74 19.12 667.27 82.76 0.135 1B 22.50 4.20 54.68 16.40 75.81 55.61 75.60 10.03 1B 17.50 4.20 54.68 16.40 75.81 55.61 75.60 10.50 1B 22.50 4.20 54.68 16.40 75.50 33.64 0.78 1B 22.50 4.20 54.68 16.40 75.50 33.12 59 0.32 1B 22.50 4.20 54.68 16.40 75.50 33.12 59 0.32 1B 22.50 4.20 54.68 16.40 657.44 22.61 0.50 1B 22.50 4.20 54.68 16.40 659.31 21.59 0.32 1B 32.50 4.20 54.68 16.40 40.59 31 21.59 0.32 1B 32.50 4.20 54.68 16.40 40.59 31 21.59 0.32 1B 32.50 4.20 54.68 16.40 40.59 31 21.59 0.32 1B 32.50 4.20 54.68 16.40 40.59 31 21.59 0.32 1B 32.50 4.20 54.68 16.40 40.59 31 21.59 0.32 1B 32.50 3.70 47.48 44 13.63 667.13 82 24.77 0.37 82 22.2.50 3.70 45.44 13.63 528.00 28.44 0.058 22.2.50 3.70 45.44 13.63 528.00 28.44 0.058 22.2.50 3.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 528.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 53.50 0.00 28.46 0.058 22.2.50 3.20 38.70 45.44 13.63 53.50 0.00 28.46 0.058 22.50 3.20 38.70 45.44 13.63 53.60 0.00 28.46 0.058 22.50 3.20 38.70 45.44 13.63 53.60 0.00 28.46 0.058 22.50 3.20 38.70 45.44 13.63 53.60 0.00 28.46 0.058 2	Grade	Water Cost	Yield	Assessed	Taxable	Assessed	Taxable	Taxable
1A 17,50	1 A	2.50	4.70 4.70	100.40	30.12	980.25	37.84 34.82	0.26
18	1A	12.50	4.70	63.74	19.12	824.00	31.81	0.66
18	1A	22.50	4.70	63.74	19.12	667.75	25.78	0.35
2 12 50 3.70 45.44 13.63 607.13 23.44 0.72 2 17.50 3.70 45.44 13.63 450.88 17.40 0.28 2 22.50 3.70 45.44 13.63 450.88 17.40 0.28 2 32.50 3.70 45.44 13.63 372.75 14.39 0.06 2 32.50 3.70 45.44 13.63 294.63 11.37 -0.17 3 2.50 3.20 57.93 17.38 654.63 11.37 -0.17 3 1.250 3.20 57.93 17.38 654.63 12.22.66 0.92 3 1.750 3.20 36.70 11.01 498.69 19.25 0.75 3 1.750 3.20 36.70 11.01 420.56 19.25 0.75 3 1.750 3.20 36.70 11.01 420.56 19.25 0.75 3 2.750 3.20 36.70 11.01 420.56 19.25 0.75 4 2.50 3.20 36.70 11.01 264.31 10.20 -0.07 4 2.50 3.20 36.70 11.01 264.31 10.20 -0.05 4 7.50 2.70 29.48 8.84 468.38 18.08 1.04 4 17.50 2.70 28.08 8.42 312.55 15.06 0.99 4 17.50 2.70 28.08 8.42 312.55 15.06 0.79 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 5 2.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 6 2.250 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 2.20 18.43 5.53 203.69 7.86 0.42 6 2.250 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 2.20 18.43 5.53 203.69 7.86 0.42 7 7 7.50 2.20 18.43 5.53 203.69 7.86 0.42 7 7 7.50 1.20 6.87 1.97 5.00 0.19 -0.99 7 2.250 1.70 11.47 3.44 17.13 3.44 17.13 3.89 1.39 6 12.50 2.50 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 1.70 11.47 3.44 17.13 3.44 17.13 3.63 6.66 0.99 7 8 7 7 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 8 7 7 3.50 0.50 3.06 0.99 5.00 0.19 -0.79 8 7 17.50 0.50 3.06 0.99 5.00 0.19 -0.79 8 8 12.50 0.50 3.06 0.99 5.00 0.19 -0.79	1A	32.50	4.70	63.74	19:12	511.50	19.74	0.03
2 12 50 3.70 45.44 13.63 607.13 23.44 0.72 2 17.50 3.70 45.44 13.63 450.88 17.40 0.28 2 22.50 3.70 45.44 13.63 450.88 17.40 0.28 2 32.50 3.70 45.44 13.63 372.75 14.39 0.06 2 32.50 3.70 45.44 13.63 294.63 11.37 -0.17 3 2.50 3.20 57.93 17.38 654.63 11.37 -0.17 3 1.250 3.20 57.93 17.38 654.63 12.22.66 0.92 3 1.750 3.20 36.70 11.01 498.69 19.25 0.75 3 1.750 3.20 36.70 11.01 420.56 19.25 0.75 3 1.750 3.20 36.70 11.01 420.56 19.25 0.75 3 2.750 3.20 36.70 11.01 420.56 19.25 0.75 4 2.50 3.20 36.70 11.01 264.31 10.20 -0.07 4 2.50 3.20 36.70 11.01 264.31 10.20 -0.05 4 7.50 2.70 29.48 8.84 468.38 18.08 1.04 4 17.50 2.70 28.08 8.42 312.55 15.06 0.99 4 17.50 2.70 28.08 8.42 312.55 15.06 0.79 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 5 2.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 6 2.250 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 2.20 18.43 5.53 203.69 7.86 0.42 6 2.250 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 2.20 18.43 5.53 203.69 7.86 0.42 7 7 7.50 2.20 18.43 5.53 203.69 7.86 0.42 7 7 7.50 1.20 6.87 1.97 5.00 0.19 -0.99 7 2.250 1.70 11.47 3.44 17.13 3.44 17.13 3.89 1.39 6 12.50 2.50 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 1.70 11.47 3.44 17.13 3.44 17.13 3.63 6.66 0.99 7 8 7 7 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 8 7 7 3.50 0.50 3.06 0.99 5.00 0.19 -0.79 8 7 17.50 0.50 3.06 0.99 5.00 0.19 -0.79 8 8 12.50 0.50 3.06 0.99 5.00 0.19 -0.79	1B 1B	7.50	4.20	57.52	17.26	793.69	30.64	0.78
2 12 50 3.70 45.44 13.63 607.13 23.44 0.72 2 17.50 3.70 45.44 13.63 450.88 17.40 0.28 2 22.50 3.70 45.44 13.63 450.88 17.40 0.28 2 32.50 3.70 45.44 13.63 372.75 14.39 0.06 2 32.50 3.70 45.44 13.63 294.63 11.37 -0.17 3 2.50 3.20 57.93 17.38 654.63 11.37 -0.17 3 1.250 3.20 57.93 17.38 654.63 12.22.66 0.92 3 1.750 3.20 36.70 11.01 498.69 19.25 0.75 3 1.750 3.20 36.70 11.01 420.56 19.25 0.75 3 1.750 3.20 36.70 11.01 420.56 19.25 0.75 3 2.750 3.20 36.70 11.01 420.56 19.25 0.75 4 2.50 3.20 36.70 11.01 264.31 10.20 -0.07 4 2.50 3.20 36.70 11.01 264.31 10.20 -0.05 4 7.50 2.70 29.48 8.84 468.38 18.08 1.04 4 17.50 2.70 28.08 8.42 312.55 15.06 0.99 4 17.50 2.70 28.08 8.42 312.55 15.06 0.79 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 5 2.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 6 2.250 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 2.20 18.43 5.53 203.69 7.86 0.42 6 2.250 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 2.20 18.43 5.53 203.69 7.86 0.42 7 7 7.50 2.20 18.43 5.53 203.69 7.86 0.42 7 7 7.50 1.20 6.87 1.97 5.00 0.19 -0.99 7 2.250 1.70 11.47 3.44 17.13 3.44 17.13 3.89 1.39 6 12.50 2.50 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 1.70 11.47 3.44 17.13 3.44 17.13 3.63 6.66 0.99 7 8 7 7 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 8 7 7 3.50 0.50 3.06 0.99 5.00 0.19 -0.79 8 7 17.50 0.50 3.06 0.99 5.00 0.19 -0.79 8 8 12.50 0.50 3.06 0.99 5.00 0.19 -0.79	1B 1B	17.50	4.20	54.68	16.40 16.40	715.56 637.44	24 61	0.50
2 12 50 3.70 45.44 13.63 607.13 23.44 0.72 2 17.50 3.70 45.44 13.63 450.88 17.40 0.28 2 22.50 3.70 45.44 13.63 450.88 17.40 0.28 2 32.50 3.70 45.44 13.63 372.75 14.39 0.06 2 32.50 3.70 45.44 13.63 294.63 11.37 -0.17 3 2.50 3.20 57.93 17.38 654.63 11.37 -0.17 3 1.250 3.20 57.93 17.38 654.63 12.22.66 0.92 3 1.750 3.20 36.70 11.01 498.69 19.25 0.75 3 1.750 3.20 36.70 11.01 420.56 19.25 0.75 3 1.750 3.20 36.70 11.01 420.56 19.25 0.75 3 2.750 3.20 36.70 11.01 420.56 19.25 0.75 4 2.50 3.20 36.70 11.01 264.31 10.20 -0.07 4 2.50 3.20 36.70 11.01 264.31 10.20 -0.05 4 7.50 2.70 29.48 8.84 468.38 18.08 1.04 4 17.50 2.70 28.08 8.42 312.55 15.06 0.99 4 17.50 2.70 28.08 8.42 312.55 15.06 0.79 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 5 2.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 6 2.250 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 2.20 18.43 5.53 203.69 7.86 0.42 6 2.250 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 2.20 18.43 5.53 203.69 7.86 0.42 7 7 7.50 2.20 18.43 5.53 203.69 7.86 0.42 7 7 7.50 1.20 6.87 1.97 5.00 0.19 -0.99 7 2.250 1.70 11.47 3.44 17.13 3.44 17.13 3.89 1.39 6 12.50 2.50 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 1.70 11.47 3.44 17.13 3.44 17.13 3.63 6.66 0.99 7 8 7 7 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 8 7 7 3.50 0.50 3.06 0.99 5.00 0.19 -0.79 8 7 17.50 0.50 3.06 0.99 5.00 0.19 -0.79 8 8 12.50 0.50 3.06 0.99 5.00 0.19 -0.79	1B 1B	27.50	$\frac{4.20}{4.20}$	54.68 54.68	$16.40 \\ 16.40$	481.19	21.59 18.57	$0.32 \\ 0.13$
2 12 50 3.70 45.44 13.63 607.13 23.44 0.72 2 17.50 3.70 45.44 13.63 450.88 17.40 0.28 2 22.50 3.70 45.44 13.63 450.88 17.40 0.28 2 32.50 3.70 45.44 13.63 372.75 14.39 0.06 2 32.50 3.70 45.44 13.63 294.63 11.37 -0.17 3 2.50 3.20 57.93 17.38 654.63 11.37 -0.17 3 1.250 3.20 57.93 17.38 654.63 12.22.66 0.92 3 1.750 3.20 36.70 11.01 498.69 19.25 0.75 3 1.750 3.20 36.70 11.01 420.56 19.25 0.75 3 1.750 3.20 36.70 11.01 420.56 19.25 0.75 3 2.750 3.20 36.70 11.01 420.56 19.25 0.75 4 2.50 3.20 36.70 11.01 264.31 10.20 -0.07 4 2.50 3.20 36.70 11.01 264.31 10.20 -0.05 4 7.50 2.70 29.48 8.84 468.38 18.08 1.04 4 17.50 2.70 28.08 8.42 312.55 15.06 0.99 4 17.50 2.70 28.08 8.42 312.55 15.06 0.79 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 4 2.750 2.70 28.08 8.42 312.10 12.05 0.43 5 2.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 5 7.50 2.20 18.43 5.53 203.69 7.86 0.42 6 2.250 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 2.20 18.43 5.53 203.69 7.86 0.42 6 2.250 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 2.20 18.43 5.53 203.69 7.86 0.42 7 7 7.50 2.20 18.43 5.53 203.69 7.86 0.42 7 7 7.50 1.20 6.87 1.97 5.00 0.19 -0.99 7 2.250 1.70 11.47 3.44 17.13 3.44 17.13 3.89 1.39 6 12.50 2.50 1.70 11.47 3.44 17.13 3.89 1.39 6 12.50 1.70 11.47 3.44 17.13 3.44 17.13 3.63 6.66 0.99 7 8 7 7 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 7 2.50 1.20 6.57 1.97 5.00 0.19 -0.99 8 7 7 3.50 0.50 3.06 0.99 5.00 0.19 -0.79 8 7 17.50 0.50 3.06 0.99 5.00 0.19 -0.79 8 8 12.50 0.50 3.06 0.99 5.00 0.19 -0.79	1B 2	2.50	4.20 3.70	54.68 71.58	16.40 21.47	403.06 763.38	15.56 29.47	-0.05 0.37
3	2 2	7.50	3.70 3.70	47.82 45.44	14.35 13.63	607.13	26.45 23.44	0.84 0.72
3	2 2	17.50 22.50	3.70	45.44 45.44	13.63 13.63	529.00	20.42 17.40	0.50 0.28
3	2	27.50	3.70	$\frac{45.44}{45.44}$	13.63 13.63	372 75	14.39 11.37	0.06
4 2.50 2.70 24 4.13 13.24 24.68.38 18.08 1.09 4 7.50 2.70 28.08 8.42 390.25 15.06 0.79 4 17.50 2.70 28.08 8.42 312.13 12.05 0.43 4 22.50 2.70 28.08 8.42 234.00 9.03 0.07 4 27.50 2.70 28.08 8.42 155.88 6.02 -0.29 4 32.50 2.70 28.08 8.42 175.88 6.02 -0.29 4 32.50 2.70 28.08 8.42 77.75 3.00 -0.64 5 2.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 281.81 10.88 0.97 5 12.50 2.20 18.43 5.53 281.81 10.84 -0.67 5 22.50 2.20 18.43 5.53 25.56 4.85 -0.12 5 27.50 </td <td>3 3</td> <td>2.50</td> <td>3.20</td> <td>57.93 38.70</td> <td>17.38 11.61</td> <td>654.94 576.81</td> <td>25.28</td> <td>0.45</td>	3 3	2.50	3.20	57.93 38.70	17.38 11.61	654.94 576.81	25.28	0.45
4 2.50 2.70 24 4.13 13.24 24.68.38 18.08 1.09 4 7.50 2.70 28.08 8.42 390.25 15.06 0.79 4 17.50 2.70 28.08 8.42 312.13 12.05 0.43 4 22.50 2.70 28.08 8.42 234.00 9.03 0.07 4 27.50 2.70 28.08 8.42 155.88 6.02 -0.29 4 32.50 2.70 28.08 8.42 175.88 6.02 -0.29 4 32.50 2.70 28.08 8.42 77.75 3.00 -0.64 5 2.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 281.81 10.88 0.97 5 12.50 2.20 18.43 5.53 281.81 10.84 -0.67 5 22.50 2.20 18.43 5.53 25.56 4.85 -0.12 5 27.50 </td <td>3</td> <td>12.50</td> <td>3.20</td> <td>36.70</td> <td>11.01</td> <td>498.69</td> <td>19.25</td> <td>0.75 0.47</td>	3	12.50	3.20	36.70	11.01	498.69	19.25	0.75 0.47
4 2.50 2.70 24 4.13 13.24 24.68.38 18.08 1.09 4 7.50 2.70 28.08 8.42 390.25 15.06 0.79 4 17.50 2.70 28.08 8.42 312.13 12.05 0.43 4 22.50 2.70 28.08 8.42 234.00 9.03 0.07 4 27.50 2.70 28.08 8.42 155.88 6.02 -0.29 4 32.50 2.70 28.08 8.42 175.88 6.02 -0.29 4 32.50 2.70 28.08 8.42 77.75 3.00 -0.64 5 2.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 281.81 10.88 0.97 5 12.50 2.20 18.43 5.53 281.81 10.84 -0.67 5 22.50 2.20 18.43 5.53 25.56 4.85 -0.12 5 27.50 </td <td>3</td> <td>22.50</td> <td>3.20</td> <td>36.70</td> <td>11.01</td> <td>342.44</td> <td>13.22</td> <td>0.20</td>	3	22.50	3.20	36.70	11.01	342.44	13.22	0.20
4 27.50 2.70 28.08 8.42 75.75 3.00 -0.29 4 32.50 2.20 29.03 8.71 438.06 16.91 0.94 5 7.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 281.81 10.88 0.97 5 17.50 2.20 18.43 5.53 281.81 10.88 0.97 5 22.50 2.20 18.43 5.53 281.81 10.88 0.97 5 22.50 2.20 18.43 5.53 281.81 10.88 0.97 6 22.50 2.20 18.43 5.53 125.56 4.85 -0.12 5 32.50 2.20 18.43 5.53 125.56 4.85 -0.12 6 2.50 1.70 18.07 5.42 329.63 12.72 1.35 6 7.50 1.70 11.47 3.44 173.38 6.69 0.94 6 12.50	3	32.50	3,20	36.70	11.01	186.19	7.19	-0.35
4 27.50 2.70 28.08 8.42 75.75 3.00 -0.29 4 32.50 2.20 29.03 8.71 438.06 16.91 0.94 5 7.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 281.81 10.88 0.97 5 17.50 2.20 18.43 5.53 281.81 10.88 0.97 5 22.50 2.20 18.43 5.53 281.81 10.88 0.97 5 22.50 2.20 18.43 5.53 281.81 10.88 0.97 6 22.50 2.20 18.43 5.53 125.56 4.85 -0.12 5 32.50 2.20 18.43 5.53 125.56 4.85 -0.12 6 2.50 1.70 18.07 5.42 329.63 12.72 1.35 6 7.50 1.70 11.47 3.44 173.38 6.69 0.94 6 12.50	4	7.50	2.70	29.48	8.84	468.38	18.08	1.04
4 27.50 2.70 28.08 8.42 75.75 3.00 -0.29 4 32.50 2.20 29.03 8.71 438.06 16.91 0.94 5 7.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 281.81 10.88 0.97 5 17.50 2.20 18.43 5.53 281.81 10.88 0.97 5 22.50 2.20 18.43 5.53 281.81 10.88 0.97 5 22.50 2.20 18.43 5.53 281.81 10.88 0.97 6 22.50 2.20 18.43 5.53 125.56 4.85 -0.12 5 32.50 2.20 18.43 5.53 125.56 4.85 -0.12 6 2.50 1.70 18.07 5.42 329.63 12.72 1.35 6 7.50 1.70 11.47 3.44 173.38 6.69 0.94 6 12.50	4	17.50	2.70	28.08 28.08	8.42 8.42	312.13	12.05	0.79
5 7.50 2.20 19.38 5.81 359.94 13.89 1.39 5 12.50 2.20 18.43 5.53 203.69 7.86 0.42 5 17.50 2.20 18.43 5.53 203.69 7.86 0.42 5 27.50 2.20 18.43 5.53 125.56 4.85 -0.12 5 32.50 2.20 18.43 5.53 47.44 1.83 -0.67 6 7.50 1.70 18.07 5.42 329.63 12.72 1.355 6 7.50 1.70 12.07 3.62 251.50 *9.71 1.68 6 7.50 1.70 11.47 3.44 173.38 6.69 0.94 6 12.50 1.70 11.47 3.44 17.13 0.66 -0.81 6 22.50 1.70 11.47 3.44 17.13 0.66 -0.91 6 22.50 1.70 11.47 3.44 5.00 0.19 -0.94 7 7.50 <t< td=""><td>4 4</td><td>27.50</td><td>2.70</td><td>28.08 28.08</td><td>8.42 8.42</td><td>155.88</td><td>6.02</td><td>-0.29</td></t<>	4 4	27.50	2.70	28.08 28.08	8.42 8.42	155.88	6.02	-0.29
5 17.50 2.20 18.43 5.53 203.69 7.86 0.42 5 22.50 2.20 18.43 5.53 125.56 4.85 -0.12 5 27.50 2.20 18.43 5.53 125.56 4.85 -0.12 6 2.50 1.70 18.07 5.42 329.63 12.72 1.35 6 7.50 1.70 12.07 3.62 251.50 9.71 1.68 6 12.50 1.70 11.47 3.44 173.38 6.69 0.94 6 17.50 1.70 11.47 3.44 195.25 3.68 0.07 6 22.50 1.70 11.47 3.44 17.13 0.66 -0.81 6 27.50 1.70 11.47 3.44 17.13 0.66 -0.81 6 27.50 1.70 11.47 3.44 15.00 0.19 -0.94 7 2.50 1.20 6.87 1.97 64.94 2.51 0.27 7 12.50 <td< td=""><td>4 5</td><td>2.50</td><td>2.20</td><td>28.08 29.03</td><td>8.42 8.71</td><td>438.06</td><td>3.00 16.91</td><td>0.94</td></td<>	4 5	2.50	2.20	28.08 29.03	8.42 8.71	438.06	3.00 16.91	0.94
5 17.50 2.20 18.43 5.53 203.69 7.86 0.42 5 22.50 2.20 18.43 5.53 125.56 4.85 -0.12 5 27.50 2.20 18.43 5.53 125.56 4.85 -0.12 6 2.50 1.70 18.07 5.42 329.63 12.72 1.35 6 7.50 1.70 12.07 3.62 251.50 9.71 1.68 6 12.50 1.70 11.47 3.44 173.38 6.69 0.94 6 17.50 1.70 11.47 3.44 195.25 3.68 0.07 6 22.50 1.70 11.47 3.44 17.13 0.66 -0.81 6 27.50 1.70 11.47 3.44 17.13 0.66 -0.81 6 27.50 1.70 11.47 3.44 15.00 0.19 -0.94 7 2.50 1.20 6.87 1.97 64.94 2.51 0.27 7 12.50 <td< td=""><td>5 5</td><td>12.50</td><td>2.20</td><td>19.38 18.43</td><td>5.81 5.53</td><td>281.81</td><td>13.89 10.88</td><td>1.39 0.97</td></td<>	5 5	12.50	2.20	19.38 18.43	5.81 5.53	281.81	13.89 10.88	1.39 0.97
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	5 5	17.50 22.50	2.20	$18.43 \\ 18.43$	5.53 5.53	203.69 125.56	7.86	$ \begin{array}{c} 0.42 \\ -0.12 \end{array} $
6 2.50 1.70 18.07 5.42 329.63 12.72 1.35 6 7.50 1.70 12.07 3.62 251.50 *9.71 1.68 6 12.50 1.70 11.47 3.44 173.38 6.69 0.94 6 17.50 1.70 11.47 3.44 17.13 0.66 -0.81 6 27.50 1.70 11.47 3.44 5.00 0.19 -0.94 6 32.50 1.70 11.47 3.44 5.00 0.19 -0.94 6 32.50 1.70 11.47 3.44 5.00 0.19 -0.94 7 2.50 1.20 10.34 3.10 221.19 8.54 1.75 7 7.50 1.20 6.89 2.07 143.06 5.52 1.67 7 12.50 1.20 6.57 1.97 64.94 2.51 0.27 7 17.50 1.20 6.57 1.97 5.00 0.19 -0.90 7 22.50 1.20 6.57 1.97 5.00 0.19 -0.90 7 22.50 1.20 6.57 1.97 5.00 0.19 -0.90 8 2.50 0.50 4.14 1.24 69.38 2.68 1.16 8 7.50 0.50 4.14 1.24 69.38 2.68 1.16 8 7.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 12.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 22.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 27.50 0.50 3.06 0.92 5.00 0.19 -0.79	E	27.50	2.20			47.44	1.83	-0.6 <u>7</u>
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$) 6	2.50 7.50	1.70 1.70	18.07 12.07	5.42 3.62	329.63 251.50	12.72 * 9.71	1.35 1.68
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	66	12.50 17.50	1.70 1.70	11.47 11.47	3.44 3.44	173.38 95.25	6.69 3.68	0.94
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	Ğ G	22.50 27.50	1.70 1.70	11.47 11.47	3.44 3.44	17.13 5.00	0.66 0.19	-0.81 -0.94
7 7.50 1.20 6.89 2.07 143.06 5.52 1.67 7 12.50 1.20 6.57 1.97 64.94 2.51 0.27 7 17.50 1.20 6.57 1.97 5.00 0.19 -0.90 7 22.50 1.20 6.57 1.97 5.00 0.19 -0.90 7 27.50 1.20 6.57 1.97 5.00 0.19 -0.90 7 32.50 1.20 6.57 1.97 5.00 0.19 -0.90 8 2.50 0.50 4.14 1.24 69.38 2.68 1.16 8 7.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 12.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 17.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 22.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 27.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 27.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 27.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 32.50 0.50 3.06 0.92 5.00 0.19 -0.79	Ğ 7	32.50 2.50	1.70 1.20	11.47 10.34	3.44 3.10	5.00 221 19	0.19 8.54	-0.94 1.75
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	7	7.50	1.20	6.89	2.07	143.06	5.52 2.51	1.67
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	7	17.50	1.20	6.57	1.97	5.00	0.19	-0.90 -0.90
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	7	27.50	1.20	6.57	1.97	5.00	0.19	-0.90
8 12.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 17.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 22.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 27.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 32.50 0.50 3.06 0.92 5.00 0.19 -0.79 8 32.50 0.50 3.06 0.92 5.00 0.19 -0.79	8	2.50	ģ: <u>50</u>	4:14	1.24	69.38	2.68	1.16
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	8 8	12.50	0.50	3.06	0.92	5.00	0.19	-0.75 -0.79
$egin{array}{cccccccccccccccccccccccccccccccccccc$	8 A	1/.50 22.50	0.50 0.50	3.06	0.92 0.92	5.00 5.00	0.19	-u./9 -0.79
	8 8	27.50 32.50	0.50 0.50	3.06 3.06	0.92 0.92	5.00 5.00	0.19	-0.79 -0.79

The adjusted value is based on a seven-year (1983-1989) Olympic average price of hay equal to 69.40 x .80 and a capitalization rate of 6.4%. Yield is tons of hay per acre.
 ** Interpolated from current schedules.

APPENDIX TABLE 2. CLASS 2: MEDIUM ROTATION IRRIGATED LANDS (Recommended)

			Cur	rent	Adiu	ısted*	Relative Change in
Grade	Water Cost	Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Taxable Value
1A 1A	2.50 7.50	4.70 4.70	87.26 53.94	26.18 16.18	882.23 811.91	34.05 31.34	0.30 0.94
1A 1A	12.50 17.50	4.70 4.70	50.60 50.60	15.18	741.60	28.63 25.91 23.20	0.89
1A	22.50	4.70	50.60	15 18	600.98	23.20	0.71 0.53
1A 1A	12.50 17.50 22.50 27.50 32.50 2.50 7.50	4.70 4.70	50.60 50.60	าร 18	530.66 460.35	20.48 17.77	$\begin{array}{c} 0.35 \\ 0.17 \end{array}$
1B 1B	2.50 7.50	4.20 4.20	73.32 45.32	22.00 13.60	784.63 714.32	30.29 27.57 24.86	0.38 1.03
1B 1B	12.50 17.50	4.20	42.52	12.76	644.01 573.69	24.86 22.14	0.95 0.74
1B 1B 1B 1B 1B 1B	2.50 7.50 12.50 17.50 22.50 27.50 32.50	4.20 4.20 4.20 4.20 4.20	50.60 73.32 45.52 42.52 42.52 42.52 42.52 42.530	12.76	503.38	19.43	0.52
1B	27.50 32.50 2.50	$\frac{4.20}{4.20}$	42.52 42.52	$ \begin{array}{r} 12.76 \\ 12.76 \\ 18.11 \end{array} $	433.07 362.76	14 00	0.31 0.10
2	7.50	3.70 3.70	60.35 37.30	11.19	687.04 616.73	26.52 23.81 21.09	0.46 1.13
2	10 60	3.70 3.70	35.00 35.00	10.50 10.50	546.41 476.10	21.09 18.38 15.66	1.01 0.75
22222222225555555555555555555555555555	17.50 27.50 27.50 32.50 7.50 12.50 17.50 22.50	3.70 3.70	35.00	10.50 10.50 10.50	405.79 335.48 265.16	21.09 18.38 15.66 12.95 10.24 22.75 20.04	1:01 0:75 0:49 0:23
2	32.50	3.70	35.00	10.50	265.16	12.95 10.24 22.75	-0.03
3	7.50	3.20 3.20 3.20	29.89	14.51 8.97	589.44 519.13	20.04 17.32	0.57 1.23
3. 3	$\frac{12.50}{17.50}$	3.20 3.20 3.20	28.04 28.04	8.41 8.41 8.41	448.82 378.51	14.61	$\frac{1.06}{0.74}$
3 3	22.50 27.50	3.20 3.20	$\frac{28.04}{28.04}$	$8.41 \\ 8.41$	308.19 237.88	$ \begin{array}{r} \hline{11.90} \\ \hline{9.18} \end{array} $	0.41 0.09
	32.50 2.50 7.50	3.20 3.20 2.70	355.00 355.000 355.000 355.000 355.000 4288.004 4288.004 228.0	8.41	308.19 237.88 167.57 491.85 421.54	6.47	-0.23 0.70
4 4 4	7.50	2.70 2.70	23.07	6.49 6.49 6.49 6.49 6.49 6.49	421.54	16.27	ĭ.35 1.09
4	12.50 17.50	2.70	21.65	6.49	351.23 280.91	13.56 10.84	0.67
4 4	22.50 27.50 32.50 2.50 7.50	2.70 2.70	21.65 21.65	6.49 6.49	210.60 140.29	8.13 5.42	0.25 -0.17
<u>4</u> 5	32.50	2.70	21.65 27.26	6.49 8.18	140.29 69.98 394.26 323.94	2.70	-0.58 0.86
55	2.50 7.50 12.50	2.20 2.20 2.20	16.85	5.06 4.74	323.94 253.63	12.50	1.47 1.06
4 5 5 5 5 5 5	17.50	2.20	16.85 15.81 15.81	4.74	183.32	7.08	0.49
	22.50 27.50	2.20	15.81 15.81	$\frac{4.74}{4.74}$	113.01 42.69	4.36 1.65	-0.08 -0.65
5 6	32.50 2.50	$\frac{2.20}{1.70}$	15.81 18.07	4.74 5.42	5.00 296.66	$0.19 \\ 11.45$	-0.96 1.11
6	7.50 12.50	1.70 1.70	12.07 11.47	3.62 3.44	226.35 156.04	8.74 6.02	$ \begin{array}{c} 1.41 \\ 0.75 \end{array} $
Ğ	17.50	$\frac{1.70}{1.70}$	$\bar{1}1.47$	$\frac{3.44}{3.44}$	85.73 15.41	3.31	-0.04 -0.83
964	27.50	1.70	11.47	3.44	5.00	Ŏ.Ĭ9	-0.94
7	2.50	1:20	10:35	3:10	199.07	7.68	1.47
$\frac{7}{2}$	12.50	1.20	6.57	1.97	58.44	2.26	0.14
7	17.50 22.50	$\frac{1.20}{1.20}$	6.57 6.57	$\frac{1.97}{1.97}$	5.00 5.00	0.19 0.19	-0.90 -0.90
7 7	27.50 32.50	$\frac{1.20}{1.20}$	6.57 6.57	$\frac{1.97}{1.97}$	5.00 5.00	0.19 0.19	-0.90 -0.90
8	2.50 7.50	0.50	15.81 15.81 18.07 12.07 11.47 11.47 11.47 11.47 11.47 11.6.557 66.557 66.557 4.066 3.06	1.24	62.44 5.00	2.41	0.94
) 80 90	12.50	Ŏ.ĘŎ	3.06	Ŏ. 92	į.ŏŏ	Ŏ.19	-0.79 -0.79
5 6 6 6 6 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	27.50 32.50 7.50 17.50 17.50 22.50 27.50 27.50 17.50 17.50 17.50 17.50 17.50 17.50 27.50 17.50 27.50 27.50 32.	2.20 2.20 1.70 1.70 1.70 1.70 1.70 1.20 1.20 1.20 1.20 0.50 0.550 0.550 0.50	11.47 11.47 111.47 111.390 6.557 6.557 6.557 6066 33066 33066	4.74 5.42 3.62 3.44 3.44 3.44 3.44 3.10 2.07 1.97 1.97 1.97 1.97 1.97 1.97 1.97 1.9	42.69 5.00 296.66 226.35 156.04 85.73 15.00 199.07 128.40 50.00 62.44 55.00 62.44 55.00 62.44 55.00 62.44 55.00 62.44 55.00 62.44 55.00 62.00 63.00	1.65 0.19 11.474 6.02 13.519 0.159 0.1687 6.2199 0.1199 0.1199 0.1199 0.1199 0.1199	-0.65 -0.96 1.41 0.75 -0.83 -0.83 -0.994 -1.40 -0.90 -0.90 -0.990 -0.799 -0.779 -0.779 -0.779
8 8	27.50 32.50	0.50 0.50	3.06 3.06	0.92 0.92	5.00 5.00	0.19 0.19	-0.79 -0.79

^{*} The adjusted value is based on a seven-year (1983-1989) Olympic average price of hay equal to 69.40 x .80 and a capitalization rate of 6.4%. Yield is tons of hay per acre.

** Interpolated from current schedules.

Grade	Water Cost	Yield	Curi Assessed Value	Taxable Value	Adju Assessed Value**	sted* Taxable Value	Relative Change in Taxable Value
1A 1A 1A 1A 1A 1A	2.50 7.50 12.50 17.50 22.50 27.50 32.50	4.70 4.70 4.70 4.70 4.70 4.70	76.26 42.94 39.60 39.60 39.60	22.88 12.88 11.88 11.88 11.88 11.88	784.20 721.70 659.20 596.70 534.20 471.70 409.20	30.27 27.86 25.45 23.03 20.62 18.21	0.32 1.16 1.14 0.94 0.74 0.53
1B 1B 1B 1B 1B 1B 1B	2.50 7.50 12.50 17.50 22.50	4.20 4.20 4.20 4.20 4.20 4.20 3.70 3.70	39.60 39.60 39.60 39.60 39.60 39.90 39.90 39.90 39.90 39.90 39.87 39.87 39.87	11.88 19.58 11.03 10.17 10.17 10.17 10.17	697.45 634.95 572.45 509.95 447.45 382.94	26.92 24.51 22.10 19.27 14.86	1.14 0.74 0.753 0.337 1.197 0.423 0.423 1.28
	2.50 7.50 12.50 17.50 22.50 27.50	3.70 3.70 3.70 3.70	28.47	10.17 16.45 9.54 8.54 8.54 8.54 13.47 7.000	548.20 485.70	23.57 21.75 18.75 16.34 13.51 9.10	0.423 1.220 1.291 0.635 0.35
3 3 3 3 3 3 3 3 3 3 3 3 3 3	12.50 17.50 22.50 27.50	3.20 3.20 3.20 3.20	28.47 28.47 28.47 44.90 25.28 23.32 23.32 23.32 23.32 23.32	13.47 7.58 7.00 7.00 7.00 7.00 7.00	300 300 300 300 300 300 300 300	20.22 17.22 17.40 12.99 10.57 8.16 5.75	1.20 0.91 0.65 0.37 0.55 0.320 1.286 0.17 -0.18
22222222222222222222222222222222222222	2.50 7.50 12.50 17.50 22.50 27.50	3.20 3.20 2.70 2.70 2.70 2.70 2.70 2.70	35.50 20.00 18.43 18.43 18.43 18.43 26.62	10.65 6.00 5.53 5.53 5.53 5.53 7.99 4.15 4.15	374.70 312.20 249.70 187.20	211021087657654210210976586543103 1085642974231863190752008564297423 1122211111 211111 8564297423 1122211111 211111 8564297423	0.58 1.41 1.18 0.74 0.31 -0.13
	32.50 2.50 7.50 12.50 17.50 22.50 27.50 32.50	2.70 2.20 2.20 2.20 2.20 2.20 2.20 2.20	14.99 13.82 13.82 13.82	7.99 4.15 4.15 4.15 4.15	352.45 287.45 287.45 287.45 162.45 100.45 37.95	11.11 8.70 6.29 3.88	-0.57 0.69 1.47 1.10 0.566 -0.655
566666667777777777778888888888888888888	32.50 7.50 12.50 17.50 22.50 27.50 27.50 12.50 13.	2.20 1.70 1.70 1.70 1.70 1.70 1.70 1.20 1.20 1.20 1.20 1.20 0.50 0.50 0.50 0.50	13.82 18.07 12.07 11.47 11.47 11.47 11.47 11.47 10.34 6.557 6.557 6.557 4.06 33.06 33.06	4.15 5.42 3.44 3.44 3.44 3.2.1 11.1 10.99 11.1 11.1 10.99 10.99 11.1 11.1	5.00 263.70 201.20 138.70 76.20 13.70 5.00 176.45 51.44.45 55.00 55.00 55.50 55.50 55.50 55.00 55.00	19 10.19 10.17 10.17 10.17 10.17 10.19 10.19 10.11 10.	-0.95 -0.95 -0.984 -0.1894 -0.1899 -0.19999999 -0.7799 -0.7799 -0.7799 -0.7799
7 7 7 7 7 7	7.50 12.50 17.50 27.50 27.50	1.20 1.20 1.20 1.20 1.20	6.91 6.57 6.57 6.57 6.57	3.10 2.07 1.97 1.97 1.97	176.95 114.45 51.95 5.00 5.00	4.42 2.01 0.19 0.19 0.19	1.20 1.13 0.02 -0.90 -0.90 -0.90
888888888888888888888888888888888888888	2.50 7.50 12.50 17.50 22.50 27.50 32.50	0.50 0.50 0.50 0.50 0.50 0.50	4.42 3.06 3.06 3.06 3.06 3.06 3.06	0.92 0.92 0.92 0.92 0.92 0.92	50.50 5.00 5.00 5.00 5.00 5.00	2.14 0.19 0.19 0.19 0.19 0.19 0.19	0.62 -0.79 -0.79 -0.79 -0.79 -0.79 -0.79

^{*} The adjusted value is based on a seven-year (1983-1989) Olympic average price of hay equal to 69.40 x .80 and a capitalization rate of 6.4%. Yield is tons of hay per acre.

** Interpolated from current schedules.

APPENDIX TABLE 4. CLASS 4: NON-IRRIGATED SUMMER FALLOW FARMLAND (Recommended)

			Curi	rent	Adju	sted*	Relative Change in
Grade	Water Cost	Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Taxable Value
1A8 1A7 1A6 1A3 1A3 1A1 1A 1BA 2BC 3B 4B 4B 5	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.0	40.555555555555555555555555555555555555	8767120576144416 8767120576144416 87673273322111	2420.3358 14448449 12208.4448 11198.65.766838 142198.654.32210	307.71 2977.312 2977.312 2277.312 2277.312 2277.312 2277.314 2277.	11.0.1346790134457897 11.0.9887766554433321	-0.445 -0.445 -0.445 -0.445 -0.3316 -0.015 -

The adjusted value is based on a seven-year (1983-1989) Olympic average price of wheat equal to \$3.89 and a capitalization rate of 6.4%. Yield is bushels of wheat per acre. Interpolated from current schedules.

APPENDIX TABLE 5. CLASS 5: GRAZING LAND (Recommended)

	Water		Curi		Adju	Relative Change in	
Grade	Water Cost	Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Taxable Value
1A2 1A1 1AP 1A 1B 2A 2B 34 56	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.0	2.00 4.50 5.50 14.50 24.50 24.550 46.550 775.0	71.69 44.18 31.27 20.551 10.53 7.42 3.72 2.547 0.82	21.51 13.238 6.115 3.115 21.176 0.445	535.55 267.77 194.74 133.87 53.55 432.96 323.85 233.85	20.67 10.52 5.1857 22.627 1.857 1.857 0.533	-0.04 -0.22 -0.20 -0.16 -0.10 -0.04 0.14 0.18 0.21

The adjusted value is based on a seven-year (1983-1989) Olympic average of grazing fees equal to \$9.14 and a capitalization rate of 6.4%. Yield is acres per animal unit month. Interpolated from current schedules.

			Current		Adjusted*		Relative Change in
Grade	Water Cost	Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Taxable Value
1 2 3 4 5 6 7	0.00 0.00 0.00 0.00 0.00	3.00 2.70 2.20 1.70 1.20 0.70 0.25	67.60 53.03 41.38 29.43 19.38 10.05	20.28 15.91 12.41 8.83 5.81 3.02 1.66	650.63 585.56 477.13 368.69 260.25 151.81 54.22	25.11 22.60 18.42 14.23 10.05 5.86 2.09	0.24 0.42 0.48 0.61 0.73 0.94 0.26

The adjusted value is based on a seven-year (1983-1989) Olympic average price of hay equal to $69.40 \times .80$ and a capitalization rate of 6.4%. Yield is tons of hay per acre. Interpolated from current schedules.

APPENDIX TABLE 7. CLASS 7: NON-IRRIGATED CONTINUOUSLY-CROPPED FARMLAND (Recommended)

***************************************	Water		Curi Assessed	rent Taxable	Adju Assessed	sted*	Relative Change in Taxable
Grade	Cost	Yield	Value	Value	Value**	Value	Value
1A4 1A3 1A2 1A1 10 23 45 67 89 111 112 114	0.000	442.55555555555555555555555555555555555	1110 1110 1110 1110 1110 1110 1110 111	718529634129906722872221111111111111111111111111111111	99 18423456789990143458 66415.4.8.4.062851123959 66415.3.3.3.3.2.1.1.2.3.959 674181220995 674181220995 74181220995	03581446924702540363 197581416924702540363 2222221097654702540363 11098762	-0.31 -0.227 -0.221 -0.128 -0.1183 -0.004 -0.0120

The adjusted value is based on a seven-year (1983-1989) Olympic average price of wheat equal to \$3.89 and a capitalization rate of 6.4%. Yield is bushels of wheat per acre. Interpolated from current schedules.

APPENDIX TABLE 8. CLASS 1: MAXIMUM ROTATION IRRIGATED LANDS (Mandated)

			Curi	rent	Adiu	sted*	Relative Change in
Grade	Water Cost	Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Taxable Value
1A 1A	2.50	4.70 4.70	100.40 67.07	30.12	417.69 381.37	125.31 114.41	3.16 4.69
1A	7.50 12.50 17.50	4.70	63.74	30.12 20.12 19.12 19.12 19.12 19.12 19.12 25.84 17.26	381.37 345.05 308.72 272.40 236.07 199.75 371.33 335.00 298.68 262.35 226.03 189.71	103 51	4.41
1A 1A	17.50 22.50	4.70 4.70	63.74 63.74	19.12 19.12	308.72 272.40	92.62 81.72	4.41 3.84 3.27
1A	27.50	4.70	63.74	19:12	236.07	70.82	2.70
1 <u>A</u>	32.50 2.50	4.70 4.20	63.74 86.12	19.12 25.84	199.75 371.33 335.00	59.92 111.40	2.13 3.31
1B 1B 1B 1B 1B 1B	2.50 7.50 12.50 17.50 22.50 27.50 32.50	4.20 4.20	86.12 57.52 54.68	17.26	335.00	100.50	4.82
1B 1B	12.50 17.50	$\frac{4.20}{4.20}$	54.68 54.68	16.40 16.40 16.40	298.68 262.35	89.60 78.71	4.46
1B	22.50 27.50	4.20	54.68	16.40	226.03	67.81	3.80 3.13
1B 1B	27.50 32.50 2.50	4.20 4.20	54.68 54.68	16.40 16.40	189.71 153.38	56.91 46.01	$\frac{2.47}{1.81}$
	2.50	3.70	71.58	16.40 21.47 14.35 13.63 13.63	153.38 324.96 288.63 252.31 215.99 179.66 143.34	97.49	$\frac{3}{2}.54$
2	7.50 12.50 17.50	3.70 3.70	47.82 45.44	13.63	252.31	86.59 75.69	3.54 5.04 4.55 3.75 2.95 2.15 1.36
$\bar{2}$	12.50 17.50	3.70	45.44	13.63 13.63	215.99	64.80 53.90	4.55 3.75 2.95 2.15
2	22.50 27.50	3.70 3.70	45.44 45.44	13.63 13.63	143.34	43.00	$\frac{2.95}{2.15}$
2	32.50	3.70	45.44	13.63 13.63 17.38	111/11	32.10	1.36
22222222	22.50 27.50 32.50 2.50 7.50 12.50 17.50 22.50 27.50	3.20 3.20	57.93 38.70	11.61	278.59 242.27 205.94	83.58 72.68	3.81 5.26 4.61
3	12.50 17.50	3.20 3.20 3.20	36.70	$\frac{11.01}{11.01}$	205.94 169.62	61.78	$\frac{4.61}{3.62}$
3	22.50 27.50	3.20	36.70	11.01	133.29	39.99	2.63
3	27.50	3.20 3.20	36.70 36.70	11 01	96.97	29.09 18.19	1.64
4	32.50 2.50 7.50 12.50 17.50	2.70	44.13	11.01 13.24 8.84 8.42 8.42	242.27 205.94 169.62 133.29 96.65 232.22 195.90 159.58 123.25	69.67	4.26
4 4	7.50	2.70 2.70	29.48 28.08	8.84 8.42	195.90 159.58 123.25	58.77 47.87	5.65 4.68
4	12.50 17.50	2.70	28.08	8.42	123.25	36.98	3.39
4	22.50 27.50	2.70 2.70	28.08 28.08	8.42 8.42	86.93 50.60	26.08 15.18	2.10 0.80
4	32.50	2.70	28.08	8.42	14.28	4.28	-0.49 5.40
4 5 5 5 5 5	2.50 7.50	2.20 2.20	29.03 19.38	8.42 8.42 8.42 8.71 5.81 5.53 5.53	14.28 185.86 149.53	55.76 44.86	5.40 6.72
5	12.50 17.50	2.20	18.43	5.53	113.21	33.96	5.14
5	17.50 22.50	2.20	$18.43 \\ 18.43$	5.53 5.53	76.88 40.56	23.07 12.17	$\frac{3.17}{1.20}$
_				5.53			
5	32.50 2.50	2.20 2.20 1.70	18.43 18.07	5.42	139.49	41.85	-0.73
6	7.50	1.70	12.07	3.62	103.16	30.95	7.55
6	17:50	1.70 1.70	11:47	3.44	30.52	9.15	-0.73 -0.73 -0.73 6.72 7.55 4.83 1.66
6	22.50	$\frac{1.70}{1.70}$	11.47	3.44	5.00	1.50	-0.56 -0.56
6	32.50	1.70	11:47	3:44	5.00	1.50	-ğ.56
7	2.50 7.50	1.20	10.34 6.89	2.07	93.12 56.80	27.94 17.04	$\frac{8.01}{7.24}$
$\dot{7}$	12.50	1.20	6.57	$\frac{1}{1}.97$	20.47	$\frac{1}{6} \cdot \frac{1}{14}$	2.12
7	$\frac{1}{22.50}$	1.20 1.20 1.20 1.20 1.20 1.20	6.57	$\frac{1.97}{1.97}$	5.00	1.50	-0.24
7	27.50	$\frac{1}{1}.\frac{1}{20}$	6.57	$\frac{1.97}{1.07}$	5.00	1.50	-0.24
8	34.50 2.50	2.20 1.70 1.70 1.70 1.70 1.70 1.70 1.70 1.20 1.20 1.20 1.20 1.20 0.550 0.550 0.50	4:14	1:24	28.21	1.50 41.8955 41.9955 20.1550 21.550 27.014 11.550 27.014 11.550 11.550 11.550 11.550	-0.73 -0.75 -0.75 -0.55 -0.55 -0.55 -0.21 -0.24 -0.24 -0.24 -0.24 -0.63 0.63
8	7.50	0.50	3.06	0.92	5.00	1.50	0.63
8 8	17:50	0.50 0.50	3.06	0.92	5.00	1.50 1.50 1.50	0.63 0.63
5566666667777777888888888	27.50 32.50 7.50 12.50 17.50 17.50 27.50 32.550 32.550 12.550 27.550	0.50	18.43 18.43 18.07 12.07 11.47 11.47 11.47 11.47 10.34 6.57 6.57 6.57 6.57 6.57 6.57 6.57 6.57	133333322444444 8555554644444 107777777422222 555555553333333332111111 1000000	5.00 139.49 103.84 305.000 93.180 956.847 956.47 956.47 956.000 956.000 2855.000 2855.000 2855.000 2855.000	1.50	0.63 0.63
Q	32.50	0.50 0.50	3.06	ŭ 32	5:00	1.50 1.50	0.63

The adjusted value is based on a three-year (1987-1989) average price of hay equal to $63.83 \times .80$ and a capitalization rate of 13.765%. Yield is tons of hay per acre. Interpolated from current schedules.

			Curi	rent	Adiu	ısted*	Relative Change in
Grade	Water Cost	Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Change in Taxable Value
1A 1A 1A 1A 1A 1A 1B 1B 1B 1B 1B 1B 1B 1A 44 44 44 44 44 44 44 44 44 44 44 44 44	2.50 7.50 12.50 17.50 17.50 22.50 27.50 27.550 12.550 12.550 27.5	4.70 4.70 4.70 4.70 4.70 4.70 4.70 4.20 4.20 4.20 4.20 4.20 4.20 3.70 3.70 3.70 3.70 3.70 3.70 3.70 3.7	873.6600 2940 2940 2960 6000 60	26.18 15.18 15.18 15.18 15.18 15.19 100000000000000000000000000000000000	375.92 343.23 310.54 2775.14 2775.14 2179.179 3301.81 2179.179 3301.81 2179.179 3301.81 2179.179 3301.81 2179.179 3301.81 2179.179 3301.81 2207.83 2207.83 2307.83	1102.78 1102.97 110	1649505652582556952958914815043210 3314825563570289456671264219666161 3554332355433235543214654320465421
555556666666777777778888888888888888888	12.50 17.50 22.50 27.50 32.50 7.50 12.50 17.50 22.50 27.50	2.20 2.20 2.20 2.20 1.70 1.70 1.70 1.70 1.70 1.20 1.20 1.20 1.20 0.50 0.50 0.50 0.50	155.881 1155.881 1155.887 1155.887 1155.887 111.47	4.74 4.74 4.74 4.74 4.74 5.42 3.62 3.44 3.44 3.44 3.10 71.97 1.97 1.97 1.97 1.97 1.97 1.97 1.9	109 109 109 109 109 109 109 109 109 109	377650065540004333000020000000000000000000000000	-565310056410044443333333333333333333333333333333

The adjusted value is based on a three-year (1987-1989) average price of hay equal to 63.83 x .80 and a capitalization rate of 13.765%. Yield is tons of hay per acre. Interpolated from current schedules.

APPENDIX TABLE 10. CLASS 3: MINIMUM ROTATION IRRIGATED LANDS (Mandated)

	Cur	rent	Adju	sted*	Relative Change in
Water Grade Cost Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Change in Taxable Value
1A 2.50 4.70 1A 7.50 4.70	76.26 42.94	22.88 12.88	334.15 305.10	100.25 91.53 82.81 74.09 65.38	3.38 6.11
1A 12.50 4.70 1A 17.50 4.70	39.60 39.60 39.60 39.60 39.60 65.28 36.75 33.90 33.90 33.90	11.88 11.88	276.04 246.98 217.92	82.81 74.09	6.11 5.97 5.24 4.50
1A 17.50 4.70 1A 22.50 4.70 1A 27.50 4.70 1A 32.50 4.70 1B 2.50 4.70 1B 2.50 4.20 1B 7.50 4.20	39.60 39.60 39.60 65.28 36.75	11.88 11.88 11.88	188.86 159.80	56.66 47.94	3 114
1B 2.50 4.20 1B 7.50 4.20 1B 12.50 4.20	65.28 36.75	19.58 11.03	297.06 268.00	89.12 80.40	3.04 3.55 6.29
1B 12.50 4.20 1B 17.50 4.20 1B 22.50 4.20	33.90 33.90	$10.17 \\ 10.17 \\ 10.17$	238.94 209.88 180.82 151.76	71.68 62.96	6.05 5.19
1B 27.50 4.20 1B 32.50 4.20	33.90 33.90	$\frac{10.17}{10.17}$	151.76 122.71	45.53 36.81	3.48 2.62
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	54.82 30.87	16.45 9.26 8.54	259.97 230.91	77.99 69.27	3.74 6.48
2 12.50 3.70 2 17.50 3.70 2 22.50 3.70	54.82 30.87 28.47 28.47 28.47 28.47 28.47	8.54 8.54 8.54	230.91 201.85 172.79 143.73 114.67	60.55 51.84 43.12	29599382489753 665432366543
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	28.47 28.47	8.54 8.54	114.67 85.61	34.40 25.68	33665143236654323
3 2.50 3.20 3 7.50 3.20 3 12.50 3.20	44.90 25.28	13.47 7.58	85.61 222.87 193.81 164.75 135.69	66.86 58.14	3.96 6.67
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	23.32 23.32	16.45 9.26 8.54 8.54 8.54 8.54 13.47 7.58 7.00 7.00 7.00	151.76 122.71 259.97 230.91 201.85 172.73 143.67 85.87 193.81 164.69 106.64 77.58	40.71 31.99	4.82 3.57
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	23.32 23.32	7.00 7.00 10.65	77.58 48.52	23.27 14.56	2.01 3.96 6.67 6.06 4.827 2.33 1.23
$egin{array}{cccccccccccccccccccccccccccccccccccc$	33.90 34.90 34.90	6.00 5.53	106.64 77.58 48.52 185.78 156.72 127.66	542086531975420864319763208643 679012456790134568901345789023 654376654326544319763208643	5.93
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	18.43 18.43	5.53 5.53	98.60 69.54	29.58 20.86	Z.11
4 22.50 2.70 4 27.50 2.70 4 32.50 2.70 5 2.50 2.20	12 /17	2.53 5.53 7.99	40.48 11.42 148.68 119.63	12.14 3.43 44.61	1.20 -0.38 4.59
5 2.50 2.20 5 7.50 2.20 5 12.50 2.20	$\frac{14.99}{13.82}$	4.50 4.15	90.57	44.61 35.89 27.17	4.59 6.98 5.45 3.45
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	13.82 13.82 13.82	4.15 4.15 4.15	32.45	18.45 9.73 1.50	3.45 1.35 -0.64
5 32.50 2.20 6 2.50 1.70	13.82 18.07		5.00 111.59	1.50 33.48	-0.64 5.18
6 7.50 1.70 6 12.50 1.70 6 17.50 1.70	12.07 11.47 11.47	5.42 3.62 3.44 3.44	82.53 53.47	24.76 16.04	5.84 3.66 1.13
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	11.47 11.47	3.44 3.44 3.44	5.00 5.00	1.50 1.50	-0.56 -0.56
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	11.47 10.34 6.91	3.44 3.10 2.07	5.00 74.50 45.44	1.50 22.35 13.63	-0.56 6.20 5.58
7 12.50 1.20 7 17.50 1.20	6.57 6.57	3.10 2.07 1.97 1.97 1.97 1.97 1.97	16.38 5.00	4.91 1.50	1.49
7 22.50 1.20 7 27.50 1.20 7 32.50 1.20	6.57 6.57	1.97 1.97 1.97	5.00 5.00	$ \begin{array}{c} 1.50 \\ 1.50 \\ \hline 1.50 \end{array} $	-0.24 -0.24 -0.24
8 2.50 0.50 8 7.50 0.50	4.42 3.06	1.33 0.92 0.92	22.56 5.00	6:77 1.50	4.11 0.63
5 27.50 2.20 6 2.50 1.70 6 7.50 1.70 6 12.50 1.70 6 17.50 1.70 6 22.50 1.70 6 27.50 1.70 6 27.50 1.70 7 2.50 1.20 7 12.50 1.20 7 17.50 1.20 7 22.50 1.20 7 27.50 1.20 7 27.50 1.20 7 27.50 1.20 8 2.50 0.50 8 7.50 0.50 8 12.50 0.50 8 17.50 0.50 8 17.50 0.50 8 22.50 0.50 8 27.50 0.50 8 27.50 0.50 8 27.50 0.50 8 27.50 0.50 8 27.50 0.50 8 2	3.06 3.06	4.15 5.42 3.62 3.44 3.44 3.44 3.10 2.07 1.97 1.97 1.97 1.97 1.97 1.97 1.97 1.9	5.00 111.593 112.537 24.410 55.000 745.500 745.44 165.000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.0000 745.00000 745.00	1.50 33.48 24.76 16.04 7.350 1.550 1.550 22.69 1.550 1	-04 -04 -018 -018 -018 -018 -018 -018 -018 -018
5 32.50 2.20 6 2.50 1.70 6 7.50 1.70 6 12.50 1.70 6 17.50 1.70 6 22.50 1.70 6 27.50 1.70 6 32.50 1.70 7 7.50 1.20 7 12.50 1.20 7 17.50 1.20 7 27.50 1.20 7 27.50 1.20 7 27.50 1.20 7 27.50 1.20 8 2.50 0.50 8 12.50 0.50 8 17.50 0.50 8 17.50 0.50 8 22.50 0.50 8 27.50 0.50 8 27.50 0.50 8 27.50 0.50 8 27.50 0.50 8 27.50 0.50 8 27.50 0.50 8	13.82 18.07 12.07 11.47 11.47 11.47 11.47 11.47 10.34 6.557 6.557 6.557 6.557 4.42 3.06 3.06 3.06 3.06	0.92 0.92 0.92	5.00 5.00	1.50 1.50 1.50	0.63 0.63 0.63

The adjusted value is based on a three-year (1987-1989) average price of hay equal to 63.83 x .80 and a capitalization rate of 13.765%. Yield is tons of hay per acre. Interpolated from current schedules.

			Curi	rent	Adju	sted*	Relative Change in
Grade	Water Cost	Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Taxable Value
1A8 1A7 1A6 1A3 1A3 1AA 1AA 1AB 2BC 3BA 4B 5		00000000000000000000000000000000000000	8147 05938699120576144416 87471482732739529643	225814484975457938442 220864545756680842 11119865432210	14357 14357 1436.218 12218 10245 11225 11225 11003 1003 10	31863186318635 .97653186318635 308642109765318635 333333222219753194	730902629042679663 000011111122233453

The adjusted value is based on a three-year (1987-1989) average price of wheat equal to \$3.90 and a capitalization rate of 13.765%. Yield is bushels of wheat per acre.

Interpolated from current schedules.

APPENDIX TABLE 12. CLASS 5: GRAZING LAND (Mandated)

		, , , , , , , , , , , , , , , , , , ,	Curi			sted*	Relative Change in
Grade	Water Cost	Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Taxable Value
1A2 1A1 1AP 1A 1B 2A 2B 34 56	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.0	2.00 4.50 5.50 14.50 140.550 242.550 775.125	71.69 44.18 31.27 20.53 7.17 5.42 32.547 0.82	21.51 13.238 63.1165 32.615 11.7744 00.425	248.18 124.09 62.05 34.826 150.40 150.40	74.46 37.27 18.61 10.27 64.58 4.520 11.50	2.46 1.89 1.025 2.24 2.74 2.71 2.33 3.10

The adjusted value is based on a three-year (1987-1989) average of grazing fees equal to \$9.11 and a capitalization rate of 13.765%. Yield is acres per animal unit month. Interpolated from current schedules.

APPENDIX TABLE 13. CLASS 6: CONTINUOUSLY-CROPPED HAYLAND (Mandated)

			Curi	rent	Adju	sted*	Relative Change in
Grade	Water Cost	Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Taxable Value
1 2 3 4 5 6 7	0.00 0.00 0.00 0.00 0.00	3.00 2.70 2.20 1.70 1.20 0.70 0.25	67.60 53.03 41.38 29.38 19.38 10.54	20.28 15.91 12.41 8.83 5.81 3.02 1.66	278.21 250.39 204.02 157.65 111.28 64.91 23.18	83.46 75.12 61.21 47.29 33.47 6.96	3.12 3.72 3.936 4.74 5.46 3.18

The adjusted value is based on a three-year (1987-1989) average price of hay equal to $63.83 \times .80$ and a capitalization rate of 13.765%. Yield is tons of hay per acre. Interpolated from current schedules.

APPENDIX TABLE 14. CLASS 7: NON-IRRIGATED CONTINUOUSLY-CROPPED FARMLAND (Mandated)

	***		Curi			sted*	Relative Change in
Grade	Water Cost	Yield	Assessed Value	Taxable Value	Assessed Value**	Taxable Value	Taxable Value
1A4 1A3 1A1 10 12345678911234	0.000	4420 4420	1110 1110 1110 1110 1110 1110 1110 111	718529634129067228772 7529741.980067228772 22117421.9764321	31520 204 204 204 204 205 205 205 205 205 205 205 205	6161616161616171612 5308530853085328536 4061739406273950620 9988776666555443333221	1754595347450376343

The adjusted value is based on a three-year (1987-1989) average of wheat equal to \$3.90 and a capitalization rate of 13.765%. Yield is bushels of wheat per acre.

Interpolated from current schedules.

i:\wp\ag\agcomrpt

EXHIBIT 3 DATE 2/15/95 SB /68

SB168

February 15, 1993

House Taxation Committee

Mr. Chairman, Members of the Committee for your information my name is Jo Brunner, and I am the Executive Director of the Montana Resources Association.

Mr. Chairman, I would like to give you a brief review of MWRA's history in relation to SB168.

Once MWRA became aware of the agriculture tax evaluation committee we our members began to get involved. The first of the meetings to explain the committees decision was our first knowledge of the movement of taxes within the ag. community.

Alarmed at the methodology used to evaluate irrigation lands, we immediately began to meet and communicate with members of the tax committee and with the agriculture coalition. Jerry Nypen, MWRA 2nd vice president and manager of Greenfields Irrigation District began to compile figures of actual costs to irrigators. These were offered to the committee. At one time, the agriculture coalition requested a survey be done and MWRA accomplished that.

Senator Jergeson had become concerned with what the projected costs would do to his Milk River and other irrigators and dropped in a bill that would alleviate those costs. Up until the time of the Senate hearing our protests had fallen on deaf ears.

The evening prior to that committee meeting, MWRA brought met with irrigators from across the state of Montana. The group decided that drastic measures must be taken to bring our concerns to the attention of the Legislature. The results was an offer to increase irrigated agriculture 25% for the following tax year, leave all other agriculture at the existing level, and form a new committee with a broader representation of irrigation. The following morning, two of the MWRA officers met with other agriculture interests and offered the proposal. It was rejected. A counter proposal was offered to MWRA, and which was consequently rejected by the irrigators.

Jay Chamberlin, President of MWRA offered the irrigators proposal to the Senate Tax Committee. Although that proposal was not considered, the concerns of the irrigators was recognized. Subsequently, with amendments offered primarily by Senator Gage and Senator Yellowtail, supported by both political parties, what you have before you came out of the Senate Tax committee with no dissenting votes and through floor action with I think four, dissenting votes on 2nd reading.

Members of this committee, this bill has had a great deal of consideration. No one in the agriculture community is 100% in agreement with this version. However, we have all had to give some, and it is the hope of the Montana Water Resources Association that you will see fit to

approve it, as is, with the knowledge that we are earnest in our desire to work out a agriculture tax evaluation program that will provide all of agriculture with a liveable tax structure, and alleviate the concerns of the urban community.

MWRA's agreement to accept the 1st 25% phase in of the ag tax committee, does not mean we have lessened our opposition to that proposal. We agreed to that provision and to the 3.86 % figure in order to get a new committee appointed with a broader based representation of irrigation and to be able to look at all taxes.

Mr. Chairman, I think that is important for you to know that from the very beginning, we told our members that they needed to be realistic in the overall tax picture. They would have an increase in their taxes, like it or not. And our members have always questioned the reality of a revenue neutral proposal, considering the condition of the state coffers. We just didn't expect the tremendous increase some of us would have to take with that proposal.

We are ready to move forward and work within the ag. community, and with the new committee. Through all of this MWRA has hoped to find a workable formula for the Department of Revenue to use so we would no longer have to cast doubts on how agriculture is taxed.

We ask that you do pass this bill as is before you now, and that you continue to pass it through the rest of the process without amendments.

The materials you have received is a fact sheet compiled by MWRA and copies of the survey taken by the Association as to actual costs of delivery of water and figures of taxation.

MWRA 1st Vice president Max Maddox, or I will answer any questions you have.

Thank you.

501 N. Sanders, Suite #4 · Helena, Montana 59601 · (406) 442-9666

TO: SENATE TAX COMMITEE, LEGISLATORS

FROM: MONTANA WATER RESOURCES ASSOCIATION

FOR YOUR INFORMATION:

The no. 1 problem with the taxation advisory committee recommendations for the irrigators is the inequitable division of agriculture taxation.

The Montana Water Resources Association offered a proposal to the Senate taxation committee that would assess irrigated agriculture lands 25% above the existing level of taxation.

The MWRA proposal included a <u>freeze</u> of <u>existing tax levels</u> for <u>dryland cropland</u> and <u>grazing lands</u>. The proposal also <u>included a means to remove the mandated legislation</u>.

FYI:

MWRA has recognized that there will be a tax increase, not a tax decrease.

MWRA proposal increase will be the same for each of the two year periods, not a 50% increase the 2nd year.

The statewide mill levy is 290 if you want to figure out specific tax liability from projected taxable values.

<u>Increase of ag land taxes</u> in the MWRA proposal is approximately <u>\$1M.</u> [some of those monies would stay in the counties]

The total amount of agriculture acres levied for taxes in Montana is 50,418,000.

Those acres generate \$45,142,000 in income. The <u>average tax liability for</u> ag <u>land \$0.90 per acre.</u>

2.92% of all agriculture land is classified as irrigated.

8.6% of agriculture land taxes is derived from irrigated lands.

The irrigator with the highest water costs [flood] and who can afford it the least, will be hit the hardest with the committee proposal.

Example of exact farm increase.

proposed tax liability
current tax liability
difference

\$7.78 [Class 1 Grade 1]

lity $\frac{4.33}{2.15}$

 $\overline{3.45}$ = 80% increase.

Water delivery costs over tax

\$25.00 per/acre.

NO IN PONTAME
暑
IRRIGATION
3
TAKES
3
B
SURVEY
3

ļ	(1)	(2)	(3)	(4)	(5)	(9)	(2)	(8)	(6)	(10)	(11)	(12)	(13)	(14)	(35)	(15) A GeV
1 1 1				CURRENT WATER	DIRECT.			A AGA	3 H 10 H	*	MEDAGE	KETBIT-		MARY PROPOSED	bl.	
اساسا	ENTTY	OLASS	ERROE	CATE -	TAXABLE	ACRES .	* 000 H	SPRINK- LER	SPRINK	SPRUK- -BB	BIEREN COSTS	TRYABLE	19 E	TRYABLE	平型	
ما شام] ~	ш	m	05.74	£7.00	9	88	4		0	21 \$	\$17.62	ž.	\$11.57	3	
∤ät: te	14. FEB	 	<i>n y</i> ≅	8 (Si	25.57 7.37 \$15.48	100 EE S		0 0	0	9 0	\$ \$	59.63	£ 6	\$18.99	168	
1:1-1:	BILLINES BENCH WATER U BILLINES, MI		72		\$13.63	88	155	2	1	0 (8	536. 27	g, i	\$16.73	1	
គ្នា	BITTERAUNT: D. HPPLLTON, MT DALE CPEDAMAN	11	3.5	\$5.00	\$10.40	815	0	, я	0	7 7	3	\$16.37	578	\$12.00	15	
#Hala	DALY DITCHES HPPELTON, PH	П	۰ د		\$17.41	14460	S 9	\$ 8	0	2 0 c	\$18	85.124	248	\$15.05	-145	
liitiitsi	EAST BENCH 1.0.	111	4	27.50	£.53	3000		3 28	0	P 89.	S	\$10.90	2 /6	\$9.76	ĕ	
ងនៃនេ	FARTER CO-OP OUTERU, MI	111	4	27.50	£.33	88	8	2 1	0	0 (82	\$13.25	19	\$3.78 1	1 0 8	
គ្នាត្រាន	5 3	111	3.5	\$3.00 \$3.00	\$11.53	18010	 	g vn	0		₹ Ø	\$15.65	ž. Ž	\$10.66	\$ \$	
. 199g	GRENFIELD, MT	111	2.5		3 .	83000	R	17	4		\$1\$	\$10.80	223	88. 88.	8	
[2] (6) <u>(6)</u>	HELE	III	m ru	8.8	#1:.03 #6.24	14350	등 명	G	_	0	8 2	£7.83	N N	2.73 2.38	8	
unde		ы,	7		\$13.63	6270	84	60	0	0	8	55.23	86	\$16.73	ង	
เลาะกุษใ	CHART KACHTAN BILLINGS, MT LOADA YELLOASTONE		2 %	57.50 \$7.50	\$13.63 \$13.63	2000		0	0 0	0	N.A.	£23.81	¥ 12	\$16.73 \$16.73	3 8	
sitis	PONDERA CO. CANAL CO. WILLER, MI	III	4		£5.53	75000	ស រ	PA 9	ጽ '	0	8	\$7.40	*	\$9.76	19	
11, 19	ROBERT KRAFT		18	3 3	\$21.55	3	9 8	-	9 0	, 0	N/A N/A	\$30.64	, K	\$18.99	-123	
.121	RUBY RIVER BASIN SHERIDAN, MI	111	4		\$11.92	3000	\$:	% (* :	9 (\$10.17	3 51-	\$9.76	-183	
grad.	TIGHTON, MIT	=	•	3	[?]	224535	2	3	9	5	8	CTICIT	* 115	oc mre	5 5	

	[2]	131	141	151	191		BI	101.4			137	
	•		PURIT-	2	<u> </u>	3				_	Ì	
,			ZATION	. 5	LABOR TO OPE	OPERATE		1 0		•		(2)
		C NAME BUT	- 10 - C				1		411.01			
oi Tin	TOTAL	יינאטייע דיינוס אר	# 140H		WEED.		AVENUE ENERGY	异市	E 10 P		2 05	•
PILLI	ADRES	cusis	TENTS	HUUD	LUKE S.	DATA	ISSO	THE STATE OF	ison.	2	2	
ACIDEY LAKE W.U.	2440	Ø. 8-	\$5.78	\$7.00	\$5.00	2	\$12.00	27.50	8.23	\$142.00.	168	EXHIBIT: #3
ALFALFA I.D.	88	\$10.50	£5.78	89.00	N/A	N/A	N/A	83.50	£28.78	\$97.70	Ŕ	DATE 2-15-93
BITTERACULT.D.	16670	\$17.00	£5.78	\$25.00	15.23	N/A	\$18.00	310.00	\$5.23	\$109.90	518	
BLFFALD RAPIOS I.D.	25380	\$27.00	\$5.78	\$8.00	M/A	N/A	8/8	\$3.00	\$43.78	. इ.स.स	19%	
DEL CAMERATAN ORL CAMERATAN	815	\$5.00	£5.78	R/A	\$7.67	N/A	£24.18	\$5.68	\$30.90	\$147.40	21%	
DINSTORE	20	\$6.00	£5.78	N/A	\$5.60	NA	\$12.00	\$3.00	28.93	\$184.90	15.	
EAST BENCH I.D.	26000	\$10.25	£.3	R/A	\$12.50	\$5.23	89.08	22.2	\$27.17	\$119.90	234	
EASTERS CO-CP CHOTERU, MT	3300	\$6.20	\$5.78	\$7.50	\$12.00	N/A	£28.00	8.3	\$21.15	\$119.90	181	
FLAIREAU I.U. ST. IGWATIUS, MI	000011	\$19.00	8.3	88.00	86.00	2.00	\$10.00	88.00	\$43.0¢	\$109.90	Ä	
GLASSELW I.D.	18010	\$12.74	\$5.78	\$10.00	\$10.00	\$5.00	\$25.00	\$10.00	\$39.52	\$13.00	33	
GEENTIELOS I.O. FAIRFIELO, MI	00028	\$16.26	\$5.78	\$16.00	\$13.00	\$3.00	\$14.00	86.00	\$45.54	\$108.80	8	
HELEWA VALLEY T.D. HELEWA, MT	14350	\$17.96	S. 25	\$18.00 \$10 m	\$18.00	£3.00	89.03	\$7.8	86.93	557.78 53.78	3 6	
BICLINGS, MI LOWER YELLOWSTONE STONEY	23000	£21.08	\$5.78	\$16.00	M/M	M/A		\$15.00	\$57.78	£205.40	**	
PONCERA CO. CANAL CO.	75000	\$10.25	\$5.78	\$15.00	\$10.00	\$3.00	830.00 130.00	\$10.00	8.8 3	\$119.90	418	
RIC HOLDEN	83	£3.00	\$5.78	£24.00	₹¥	N/A	W.A	\$5.00	£59.78	6503	X	
ROBERT KRAFT LAUREL, MI	문	85.23 82.33	£5.78	\$18.00	Ş	A/N	X/A	8.8	£55.03	£23.20	15	
ALIBY RIVER BASIN	0000	য়: ম	£5.78	£3.30	\$11.50	\$1.45	\$18.60	\$5.23	23.23	\$119.92	%92	
TOSTON 198. DIST.	0009	\$11.10	\$5.78	8.8	\$10.50	83.00	\$28.00	8.3	\$51.72	\$147.40	358	
ioweddin, rii								-			Ř	
	£224											

MARA SURVEY OF LAND, CONT.

MACO PROPERTY TAX PROPOSAL DATE 2/15/93 SB 168

IMPACT TO TAX REVENUE PAID BY PROPERTY CLASS

_				
	ESTIMATED CURRENT	ESTIMATED PROPOSED	CHANGE IN PROPERTY	PERCENT CHANGE IN PROPERTY
		•		
Tax Year '92 Classes	REVENUE	REVENUE	TAX	TAX
1. Net Proceeds	2,189,354	1,567,362	(621,992)	-28.4%
2. Gross Proceeds	3,952,586	4,381,288	428,702	10.8%
3. Ag Lands	39,990,912	36,960,043	(3,030,869)	-7.6%
4. Residential Real	161,293,552	98,790,067	(62,503,485)	-38.8%
4. Mobile Homes	5,137,426	3,104,011	(2,033,415)	-39.6%
4. Commercial Real	73,520,664	70,986,082	(2,534,582)	
5. Co-ops, Pol Cntl	6,189,763	8,197,564	2,007,801	32.4%
6. Livestock	8,516,398	7,770,190	(746,208)	-8.8%
7. Ind. Telephones	268,146	116,932	(151,214)	
8. Business Equip	69,776,374	32,569,257	(37,207,117)	
9. Utilities	99,936,314	32,912,512	(67,023,802)	
10. Timber Land	2,137,880	1,778,080	(359,800)	
11. Farmsteads	17,276,165	14,144,377	(3,131,788)	
12. Railroads & Airlines	15,960,941	7,555,769	(8,405,172)	
12. Hall caco a Allinico	10,000,041	1,500,100	(3,400,112)	OZ.1 70
STATEWIDE TOTALS	506.146,475	320.833.534	(185,312,941)	-36.6%
OMETICIAL I	333,140,470	320,300,004	(100,012,041)	-00.070

SHARE OF STATEWIDE PROPERTY TAX BASE

	CURR	ENT	PROF	POSED	
		PERCENT OF		PERCENT OF	CHANGE
–	TAXABLE	STATEWIDE	TAXABLE	STATEWIDE	IN TAX
Tax Year 1992 Classes	VALUE	TOTAL	VALUE	TOTALS	BASE SHARE
				ļ	
■Net Proceeds	\$8,318,381	0.5%	\$133,094,096	0.5%	-5.5%
2. Gross Proceeds	\$12,230,635	0.8%	\$407,687,833	1.5%	96.8%
3. Ag Lands	\$141,558,901	8.9%	\$3,666,104,620	13.6%	52.9%
4 Residential Real	\$433,587,219	27.2%	\$7,484,951,356	27.7%	1.9%
Mobile Homes	\$15,274,132	1.0%	\$262,677,583	1.0%	1.5%
4. Commercial Real	\$187,850,983	11.8%	\$4,881,794,018	18.1%	53.4%
5 Co-ops, Poll. Control	\$27,333,101	1.7%	\$911,103,372	3.4%	96.8%
€ Livestock	\$29,705,017	1.9%	\$755,402,522	2.8%	50.1%
/ Independent Telephone	\$885,909	0.1%	\$11,073,863	0.0%	-26.2%
8. Business Equipment	\$223,882,855	14.0%	\$2,936,180,232	10.9%	-22.6%
9. Utilities	\$395,328,590	24.8%	\$3,294,404,919	12.2%	-50.8%
1 Timber Land	\$6,669,376	0.4%	\$166,734,400	0.6%	47.6%
1 armsteads	\$59,003,031	3.7%	\$1,396,851,314	5.2%	39.8%
12. Railroads & Airlines	\$53,593,331	3.4%	\$710,786,886	2.6%	-21.7%
8 1.5		·		•	
STATEWIDE TOTALS	\$1,595,221,461	100%	\$27,018,847,014	100%	

EXHIBIT II

13 Farmsteads 14 Railroads & MACO PROPERTY TAX PROPERTY CLASS -52.7% -18.1%13 12 Timber Lands -16.8% 11 Utilities -67.1% 9 Ind. Telephones 10 Business Equip. -53.3% 2 -56.4% -8.8% 7 Co-ops, Poll. Control ∞ 8 Livestock 32.4% -3.4% 9 5 Mobile Homes 6 Commercial Real -39.6% -38.8% 3 Agriculture Land 4 Residential Real -7.6% 10.8% -28.4% 2 Gross Proceeds 1 Net Proceeds -0.8 0.4 0.3 0.2 9.0-0.1 0 -0.1 -0.2-0.3-0.4 -0.5-0.7

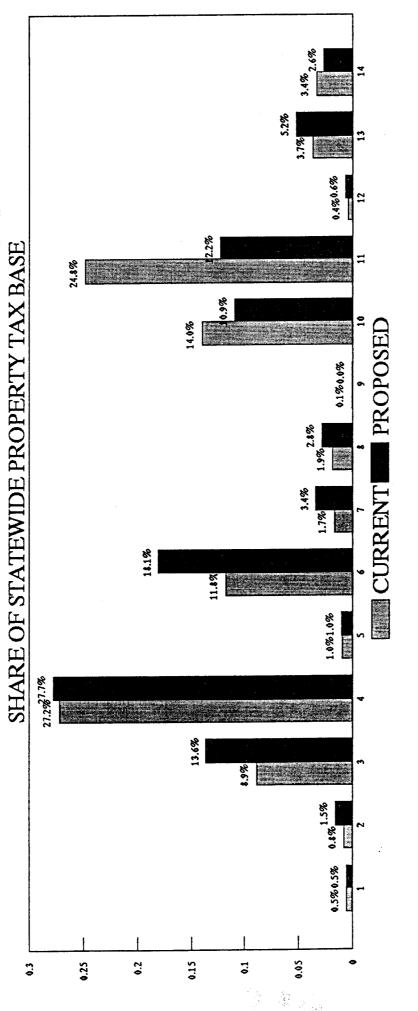
7 × 1110111 # 4

DATE 2-15-93

891-8S UB

EXHIBIT I

MACo PROPERTY TAX PROPOSAI



13 Farmsteads 14 Rairoads &

11 Utilities 12 Timber Land Airlines

9 Ind Telephone 10 Business Eauip.

7 Co-ops,
Poll. Control
8 Livestock

5 Mobile Homes 6 Commercial Real

3 Agriculture Land 4 Residential Real

2 Gross Proceeds 1 Net Proceeds

Change in Taxable Value --- 1st YEAR PHASE IN (25%) E 3/ Current vs. SB 168

	Impact to County		
0-1-1	_	Proposed	Percent Change
County	Current	(25% Phase in)	From Current
Beaverhead	\$2,330,217	\$2,519,224	8.1%
Big Horn	\$3,441,632	\$3,491,698	1.5%
Blaine	\$3,889,266	\$3,973,569	2.2%
Broadwater	\$1,027,449	\$1,058,700	3.0%
Carbon	\$2,154,795	\$2,196,025	1.9%
Carter	\$1,714,560	\$1,798,838	4.9%
Cascade	\$4,937,046	\$4,835,486	-2.1%
Chouteau	\$12,785,972	\$12,004,774	-6.1%
Custer	\$2,126,631	\$2,241,216	5.4%
Daniels	\$2,373,771	\$2,390,896	0.7%
Dawson	\$3,040,230	\$3,122,321	2.7%
Deer Lodge	\$231,178	\$255,086	10.3%
<u>F</u> allon	\$1,285,985	\$1,336,533	3.9%
Fergus .	\$6,002,715	\$5,911,188	-1.5%
Flathead	\$1,517,960	\$1,560,898	2.8%
Gallatin	\$2,783,397	\$2,794,736	0.4%
Garfield	\$2,800,632	\$2,909,562	3.9%
Glacier	\$3,265,126	\$3,135,215	-4.0%
Golden Valley	\$1,122,288	\$1,145,155	2.0%
Granite Hill	\$506,173	\$535,684	5.8%
	\$6,830,214	\$6,756,282	-1.1%
Jefferson	\$549,496	\$582,187	5.9%
Judith Basin	\$3,177,281	\$3,142,124	-1.1%
Lake	\$1,267,532	\$1,396,390	10.2%
Lewis And Clark	\$1,568,243	\$1,597,519 \$2,500,400	1.9%
Liberty Lincoln	\$3,662,622	\$3,599,169 \$424,600	-1.7%
Madison	\$112,666	\$121,600	7.9%
McCone	\$2,081,935	\$2,141,840	2.9%
Meagher	\$3,452,851 \$1,382,720	\$3,480,682 \$1,432,193	0.8%
Mineral	\$63,507	\$66,511	3.6% 4.7%
Missoula	\$457,022	\$482,188	5.5%
Musselshell	\$1,528,630	\$1,552,191	1.5%
Park	\$1,469,303	\$1,469,568	0.0%
Petroleum	\$834,373	\$866,746	3.9%
Phillips	\$3,577,845	\$3,623,990	1.3%
Pondera	\$4,946,152	\$4,774,732	-3.5%
Powder River	\$1,793,774	\$1,843,691	2.8%
Powell	\$793,096	\$867,132	9.3%
Prairie	\$1,119,949	\$1,174,233	4.8%
Ravalli	\$1,074,381	\$1,119,655	4.2%
Richland	\$3,465,230	\$3,581,139	3.3%
Roosevelt	\$3,789,980	\$3,771,235	-0.5%
Rosebud	\$2,834,829	\$2,939,807	3.7%
Sanders	\$356,135	\$383,622	7.7%
Sheridan	\$3,539,815	\$3,530,775	-0.3%
Silver Bow	\$193,162	\$203,442	5.3%
Stillwater	\$2,414,761	\$2,405,806	-0.4%
Sweet Grass	\$1,335,250	\$1,361,560	2.0%
Teton	\$5,194,637	\$5,091,961	-2.0%
Toole	\$5,107,754	\$4,958,712	-2.9%
Treasure	\$754,598	\$811,650	7.6%
Valley	\$4,797,035	\$4,820,358	0.5%
Wheatland	\$1,319,804	\$1,353,460	2.6%
Wibaux	\$1,132,251	\$1,140,154	0.7%
Yellowstone	<u>\$3,688,984</u>	\$3,747,650	<u>1.6%</u>
Statewide	. \$141,004,840	\$141,408,755	0.3%

TABLE 1 - B Change in Taxable Value --- 2nd YEAR PHASE IN (50%) Current vs. SB 168

	Impact to County	Total Ag Land T	axable Value
		Proposed	Percent Change
County	Current	(50% Phase in)	From Current
Beaverhead	\$2,330,217	\$2,708,231	16.2%
Big Horn	\$3,441,632	\$3,541,764	2.9%
Blaine	\$3,889,266	\$4,057,871	4.3%
Broadwater	\$1,027,449	\$1,089,951	6.1%
Carbon	\$2,154,795	\$2,237,255	3.8%
Carter	\$1,714,560	\$1,883,117	9.8%
Cascade	\$4,937,046	\$4,733,926	-4 .1%
Chouteau	\$12,785,972	\$11,223,575	-12.2%
Custer	\$2,126,631	\$2,355,802	10.8%
Daniels	\$2,373,771	\$2,408,021	1.4%
Dawson	\$3,040,230	\$3,204,413	5.4%
Deer Lodge	\$231,178	\$278,995	20.7%
Fallon	\$1,285,985	\$1,387,081	7.9%
Fergus	\$6,002,715	\$5,819,662	-3.0%
Flathead	\$1,517,960	\$1,603,835	5.7%
Gallatin	\$2,783,397	\$2,806,076	0.8%
Garfield	\$2,800,632	\$3,018,492	7.8%
Glacier	\$3,265,126	\$3,005,304	-8.0%
Golden Valley	\$1,122,288	\$1,168,022	4.1%
Granite	\$506,173	\$565,194	11.7%
Hill	\$6,830,214	\$6,682,351	-2.2%
Jefferson	\$549,496	\$614,878	
Judith Basin	\$3,177,281	\$3,106,967	-2.2%
Lake	\$1,267,532	\$1,525,249	20.3%
Lewis And Clark	\$1,568,243	\$1,626,794 \$2,525,746	3.7%
Liberty	\$3,662,622 \$442,666	\$3,535,716	-3.5% 15.9%
Lincoln Madison	\$112,666 \$2,081,935	\$130,535 \$2,301,745	5.8%
McCone	\$3,452,851	\$2,201,745 \$3,508,512	1.6%
Meagher	\$1,382,720	\$3,300,512 \$1,481,667	7.2%
Mineral	\$63,507	\$69,516	9.5%
Missoula	\$457,022	\$507,354	
Musselshell	\$1,528,630	\$1,575,752	
Park	\$1,469,303	\$1,469,834	0.0%
Petroleum	\$834,373	\$899,119	7.8%
Phillips	\$3,577,845	\$3,670,136	2.6%
Pondera	\$4,946,152	\$4,603,312	
Powder River	\$1,793,774	\$1,893,608	
Powell	\$793,096	\$941,168	
Prairie	\$1,119,949	\$1,228,517	
Ravalli	\$1,074,381	\$1,164,928	8.4%
Richland	\$3,465,230	\$3,697,048	
Roosevelt	\$3,789,980	\$3,752,491	-1.0%
Rosebud	\$2,834,829	\$3,044,785	
Sanders	\$356,135	\$411,109	
Sheridan	\$3,539,815	\$3,521,735	
Silver Bow	\$193,162	\$213,722	
Stillwater	\$2,414,761	\$2,396,851	-0.7%
Sweet Grass	\$1,335,250	\$1,387,870	
Teton	\$5,194,637	\$4,989,285 \$4,989,660	
Toole	\$5,107,754	\$4,809,669	
Treasure	\$754,598	\$868,702	
Valley	\$4,797,035	\$4,843,682 \$4,287,445	
Wheatland	\$1,319,804 \$1,122,254	\$1,387,115 \$1,48,056	
Wibaux Yellowstone	\$1,132,251 \$3,688,9 <u>84</u>	\$1,148,056 \$3,806,317	
Statewide	\$141,004,840	\$3,800,317 \$141,812,670	
	¥171,007,0 40	4.41,012,070	V.V/0

Change in Taxable Value --- 3rd YEAR PHASE IN (75%) Current vs. SB 168

	Impact to County		
Onwale		Proposed	Percent Change
County	Current	(75% Phase in)	From Current
Beaverhead	\$2,330,217	\$2,897,237	24.3%
Big Horn	\$3,441,632	\$3,591,830	4.4%
Blaine	\$3,889,266	\$4,142,174	6.5%
Broadwater	\$1,027,449	\$1,121,201	9.1%
Carbon	\$2,154,795	\$2,278,485	5.7%
Carter	\$1,714,560	\$1,967,395	14.7%
Cascade	\$4,937,046	\$4,632,366	-6.2%
Chouteau	\$12,785,972	\$10,442,377	-18.3%
Custer	\$2,126,631	\$2,470,387	16.2%
<u>Daniels</u>	\$2,373,771	\$2,425,146	2.2%
Dawson	\$3,040,230	\$3,286,504	8.1%
Deer Lodge	\$231,178	\$302,903	31.0%
Fallon	\$1,285,985	\$1,437,629	11.8%
Fergus	\$6,002,715	\$5,728,135	-4.6%
Flathead	\$1,517,960	\$1,646,773	8.5%
Gallatin	\$2,783,397	\$2,817,415	1.2%
Garfield	\$2,800,632	\$3,127,421	11.7%
Glacier	\$3,265,126	\$2,875,392	-11.9%
Golden Valley	\$1,122,288	\$1,190,889	6.1%
Granite	\$506,173	\$594,705	17.5%
Hill	\$6,830,214	\$6,608,419	-3.2%
Jefferson	\$549,496	\$647,569	17.8%
Judith Basin	\$3,177,281	\$3,071,810	-3.3%
Lake	\$1,267,532	\$1,654,107	30.5%
Lewis And Clark	\$1,568,243	\$1,656,070	5.6%
Liberty	\$3,662,622	\$3,472,263	-5.2%
Lincoln	\$112,666	\$139,469	23.8%
Madison	\$2,081,935	\$2,261,650	8.6%
McCone	\$3,452,851	\$3,536,343	2.4%
Meagher Mineral	\$1,382,720	\$1,531,140 \$70,530	10.7%
Missoula	\$63,507 \$457,033	\$72,520 \$532,530	14.2%
Musselshell	\$457,022	\$532,520 \$1,599,313	16.5% 4.6%
Park	\$1,528,630 \$1,469,303	\$1,599,313 \$1,470,099	0.1%
Petroleum	\$834,373	\$931,492	11.6%
Phillips	\$3,577,845	\$3,716,281	3.9%
Pondera	\$4,946,152	\$4,431,892	-10.4%
Powder River	\$1,793,774	\$1,943,524	8.3%
Powell	\$793,096	\$1,015,203	28.0%
Prairie	\$1,119,949	\$1,282,800	14.5%
Ravalli	\$1,074,381	\$1,210,202	12.6%
Richland	\$3,465,230	\$3,812,957	10.0%
Roosevelt	\$3,789,980	\$3,733,746	-1.5%
Rosebud	\$2,834,829	\$3,149,763	11.1%
Sanders	\$356,135	\$438,596	23.2%
Sheridan	\$3,539,815	\$3,512,694	-0.8%
Silver Bow	\$193,162	\$224,002	16.0%
Stillwater	\$2,414,761	\$2,387,896	-1.1%
Sweet Grass	\$1,335,250	\$1,414,180	5.9%
Teton	\$5,194,637	\$4,886,609	-5.9%
Toole	\$5,107,754	\$4,660,627	-8.8%
Treasure	\$754,598	\$925,754	22.7%
Valley	\$4,797,035	\$4,867,005	1.5%
Wheatland	\$1,319,804	\$1,420,771	7.7%
Wibaux	\$1,132,251	\$1,155,959	2.1%
Yellowstone	<u>\$3,688,984</u>	\$3,864,983	<u>4.8%</u>
Statewide	\$141,004,840	\$142,216,585	0.9%

TABLE 1-D

Change in Taxable Value --- 4th YEAR PHASE IN (100%) #5 Current vs. SB 168

•			عرن ا	
	Impact to County	Total Ag Land T	axable Value	5B-168
		Proposed	Percent Change	
County	Current	(100% Phase in)	From Current	
Beaverhead	\$2,330,217	\$3,086,244	32.4%	
Big Horn	\$3,441,632	\$3,641,896	5.8%	
Blaine	\$3,889,266	\$4,226,476	8.7%	
Broadwater	\$1,027,449	\$1,152,452	12.2%	
Carbon	\$2,154,795	\$2,319,715 \$2,054,673	7.7% 19.7%	
Carter	\$1,714,560	\$2,051,673 \$4,530,806		
Cascade	\$4,937,046	\$4,530,806 \$0,661,178		
Chouteau Custer	\$12,785,972 \$2,126,631	\$9,661,178 \$2,584,972		
Daniels	\$2,120,031	\$2,364,972 \$2,442,271	2.9%	•
Dameis	\$3,040,230	\$3,368,595		
Deer Lodge	\$231,178	\$3,300,393 \$326,811	41.4%	
Fallon	\$1,285,985	\$320,811 \$1,488,177	15.7%	
Fergus	\$6,002,715	\$5,636,608	-6.1%	
Flathead	\$1,517,960	\$3,030,000 \$1,689,710		
Gallatin	\$2,783,397	\$2,828,754		
Garfield	\$2,800,632	\$3,236,351	15.6%	
Glacier	\$3,265,126	\$2,745,481	-15.9%	
Golden Valley	\$1,122,288	\$1,213,756		
Granite	\$506,173	\$624,215		
Hill	\$6,830,214	\$6,534,487		
Jefferson	\$549,496	\$680,260		
Judith Basin	\$3,177,281	\$3,036,653		
Lake	\$1,267,532	\$1,782,965		
Lewis And Clark	\$1,568,243	\$1,685,345		
Liberty	\$3,662,622	\$3,408,810		
Lincoln	\$112,666	\$148,403		
Madison	\$2,081,935	\$2,321,555		
McCone	\$3,452,851	\$3,564,173		
Meagher	\$1,382,720	\$1,580,613		
Mineral	\$63,507	\$75,524		
Missoula	\$457,022	\$557,686		
Musselshell	\$1,528,630	\$1,622,874	6.2%	
Park	\$1,469,303	\$1,470,364		
Petroleum	\$834,373	\$963,865	15.5%	
Phillips	\$3,577,845	\$3,762,426		
Pondera	\$4,946,152	\$4,260,472		
Powder River	\$1,793,774	\$1,993,441	11.1%	
Powell	\$793,096	\$1,089,239		
Prairie	\$1,119,949	\$1,337,084		
Ravalli	\$1,074,381	\$1,255,475		
Richland	\$3,465,230	\$3,928,866 \$3,745,004		
Roosevelt	\$3,789,980	\$3,715,001 \$3,715,001	-2.0%	
Rosebud	\$2,834,829	\$3,254,741	14.8% 30.9%	·
Sanders Sheridan	\$356,135 \$3,539,815	\$466,083 \$3,503,654		
Silver Bow	\$193,162	\$3,503,654 \$234,282		
Stillwater	\$2,414,761	\$2,378,941	-1.5%	
Sweet Grass	\$1,335,250	\$2,376,941 \$1,440,490		
Teton	\$5,194,637	\$1,440,490 \$4,783,933		
Toole	\$5,194,037	\$4,511,584		•
Treasure	\$754,598	\$982,806		
Valley	\$4,797,035	\$4,890,328		
Wheatland	\$1,319,804	\$1,454,426		
Wibaux	\$1,132,251	\$1,163,861	2.8%	
Yellowstone	\$3,688,984	\$3,923,649		
				
Statewide	\$141,004,840	\$142,620,500	1.1%	

Amendment to House Bill #333

(RE: Nursing Facility Utilization Fee)

Introduced Copy

EXHIBIT 6

DATE 2/15/93

#B 333

January 29, 1993

1. Page 1, line 12. Following: "MCA;"

Insert: "TO PROVIDE AN APPROPRIATION;"

2. Page 3.

Following: Section 2

Insert: <u>NEW SECTION.</u> **Section 3.** Appropriation. The following money is appropriated to the department of social and rehabilitation services for increased funding for medicaid nursing facility reimbursement:

Fiscal Year 1994

State General Fund	\$ 3,404,554
Federal funds	8,343,389
Total Funds	\$11,747,943
Fiscal Year 1995	
State General Fund	\$ 5,294,860
Federal Funds	12,653,818

Total Funds \$17,948,678

Renumber: subsequent sections

3. Page 3, line 17.
Following: "through"

Strike: "3" Insert: "4"

4. Page 3, line 18. Following: "through"

Strike: "3"
Insert: "4"

-End-

Rationale: The amendments would appropriate the new revenue generated by broad-basing and increasing the utilization fee to the department of SRS to fund increases in aggregate medicaid reimbursement for nursing facilities in both 1994 and 1995. The amendments would also appropriate to SRS federal funds for the same purpose.

EXHIBIT 7

DATE 7/15/83

#8 333

TESTIMONY OF THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES BEFORE THE HOUSE TAXATION COMMITTEE

(Re: HB 333 Expansion and increasing of the utilization fee for nursing facilities)

House Bill 333 provides for the expansion of the medicaid bed fee to all nursing home bed days regardless of the source of payment. The bill also increases the fee to cover increased nursing facility program costs and continues to provide additional revenue for the general fund.

Licensed nursing facilities are a critical resource in providing necessary medical care to the state's elderly and disabled population. In fact, nursing homes are the most widely available option in Montana for long term medically necessary care. In fiscal 1992, medicaid payments to nursing homes were \$67 million or approximately 27 percent of all medicaid expenditures. Currently, there are 98 licensed nursing homes in the state with a total of about 7,000 beds. These facilities range in size from 6 to 278 beds.

Medicaid is the primary payer of nursing home costs. In Montana, Medicaid pays for 62 percent of all nursing home bed days in the state. Only 7 percent of the nursing home bed days are paid for by medicare or other insurance. The balance, or 31 percent, is paid for by private payers.

Medicaid reimbursement rates are established by the department under a very complicated formula that takes into account the facilities direct nursing costs, operating expenses, care needs of patients served, property costs and inflation while providing incentives to control costs. However, also driving the amount states must pay to remain in compliance with medicaid regulations are criteria congress established under what is known as the "Boren Amendment". This amendment to the Social Security Act requires states to set reimbursement rates which the state finds to be reasonable and adequate to meet the costs which must be incurred by efficiently and economically operated facilities to provide care in accordance with applicable requirements. When state have failed to adjust rates in a reasonable manner, providers have successfully gone to court to force additional funding.

However, in addition to the threats of a lawsuit, there are several other even more insidious results of a state failing to adequately fund their nursing homes. In evaluating the level of reimbursement provided other factors that must be considered include:

- 1. Are we providing adequate state funding to ensure ongoing quality care by quality staff;
- 2. Is the state's failure to adequately fund facilities resulting in an onerous cost shift to private pay residents or to county governments which operate 20 percent of the homes.

During the 1991 legislative session, the department proposed and the legislature passed for fiscal 1992 a user fee imposed on nursing

HB-333

facilities of \$1.00 /day on all nursing home bed days paid for by third party payers (medicaid, medicare and insurance). The fee is assessed against the nursing facility not the individual recipient. The purpose of the bed fee is to meet the rising costs of nursing home reimbursement associated with a variety of new federal mandates, to reduce the pressure on the state general fund and to avoid a protracted, costly law suit under federal Boren Amendment criteria. Funds generated by the user fee are used to leverage additional federal funds to provide increased funding for medicaid payments to nursing homes without any general fund impact. To cover the cost of federal mandates and health care inflation, the bed fee increased to \$2.00 in Fiscal 1993. Not only does the fee cover the department's projected increase in nursing home reimbursement rates but also generates an additional \$1.9 million per year that is deposited as revenue in the general fund. The bill passed during the 1991 legislative session and was supported by the nursing home industry, some senior citizen groups, and AARP.

Such Provider taxes have become the most popular way for states to fund medicaid rate increases to nursing homes to cover new federal mandates. As of March 1992, ten states had a user fee arrangement for nursing homes which was used to increase medicaid reimbursement. Unfortunately, the federal government has also recognized their potential liability, and Congress recently amended the Social Security Act and HCFA has adopted regulations that severely limit the states' ability to use these taxes to off set the ever increasing cost of medicaid. One significant change in the federal law is that these taxes must now be broad based.

This means that the fee currently imposed on nursing facilities for bed days occupied by third party payers must be expanded to cover all bed days in the nursing facility, which includes private payers. The current bed fee cannot be maintained with the current exemptions for private payer days, because the fee would not meet the "broad basing" requirements of federal law.

In fiscal 1993, the bed fee will generate approximately \$3.2 million of which \$1.3 million is used to leverage federal funds to pay provider rate increases and \$1.9 million is deposited in the general fund for support of other state programs.

If the bed fee is not expanded to all payers, the fee will not meet federal requirements and the revenue raised by the fee can not be used to leverage additional federal funds. The state would lose a large amount of federal matching funds even if the bed fee revenue were used for non-medicaid purposes. If the bed fee is not continued, non general fund revenue that is currently being used to fund current level expenditures in nursing facilities will need to be replaced with general fund money. In addition, the 1.9 million dollars generated by the fee that goes directly to the general fund and is used to fund other programs will be lost.

Some opposition may be expected when the user fee is expanded to cover nursing home bed days occupied by private payers. If legislation is adopted to broad base the nursing home bed fee, nursing facilities will face a choice whether or not to pass the cost of the fee on to persons paying for their own care. However, nursing facilities contend that private pay residents have historically born a disproportionate share of the cost of providing care because Medicaid rates do not cover all facility costs and these costs have been shifted to the private payer. While individual private pay residents may be required to absorb the cost of the fee in some cases, in general, the need for large increases in private pay rates should be reduced because medicaid will be paying its fair share of the costs. The quality of care will also improve with this additional reimbursement level so that all nursing facility residents will benefit. Whether or not the increase in the fee is passed on to the private pay is the facility's choice.

As originally submitted, the Stephen's executive budget contained a 1.5 percent rate increase for nursing homes each year of the biennium. The increase was contingent on broad basing the user fee and used the fee revenue as the state share of the rate increase. This increase would probably not have been sufficient to fund the nursing homes increased costs. It is the opinion of SRS technical staff and attorneys that without increases in nursing home funding at least adequate to account for inflation, the state would face a Boren Amendment lawsuit that would be difficult to defend. Therefore, the department began negotiations with the nursing home industry to work out a mechanism to fund a reasonable rate increase. In our agreement with the industry, SRS has agreed to request additional new funding for the 1995 biennium through a combination of broad basing the existing bed fee and increasing the

DATE 2-15-93 HB- 333

fee to cover a reasonable rate increase. This approach requires no additional general fund. Thus, in addition to broad basing the bed fee, House Bill 333 also increases the amount of the fee to \$2.85 in Fiscal 1994 and to \$3.65 in Fiscal 1995.

Broad basing the nursing facility user fee is imperative to the continued generation of general fund dollars not only for nursing facilities but for other programs that rely on the \$1.9 million that goes into the general fund. Elimination of the fee would require replacing the general fund dollars currently generated from the fee with other sources of general fund or rolling back the funding for nursing facilities. The Department feels certain that the industry will file a Boren Amendment lawsuit if additional funding is not provided for nursing facility reimbursement rates and will immediately do so if the funding for the nursing facility program is decreased.

On behalf of the Department of Social and Rehabilitation Services I urge you to pass HB 333. Thank you for taking the time to hold this hearing and listen to my comments.

Submitted by:

Peter S. Blouke, Ph.D. Director
Department of Social and Rehabilitation Services



36 S. Last Chance Gulch, Suite A · Helena, Montana 59601 Telephone (406) 443-2876 · FAX (406) 443-4614

HOUSE BILL NO. 333 NURSING HOME UTILIZATION FEE

HOUSE TAXATION COMMITTEE
FEBRUARY 15, 1993

TESTIMONY OF MONTANA HEALTH CARE ASSOCIATION

For the record, I am Rose Hughes, Executive Director of the Montana Health Care Association, an association that represents approximately 80 of Montana's 96 nursing homes.

We support House Bill No. 333, with the amendments offered by its sponsor, Representative Cobb. This legislation, with the amendments:

- (1) Broadens the utilization fee on nursing home bed days to include days paid by private payors;
- (2) Raises the utilization fee from the current \$2.00 per bed day to \$2.85 per bed day in FY 1994 and \$3.65 per bed day in FY 1995; and

(3) Appropriates all of the increased revenue, both from broad basing and increasing the fee, to the Department of Social and Rehabilitation Services to be used for nursing facility reimbursement under the Medicaid program.

MHCA supports this legislation because given the state's dire financial circumstances it appears to be a reasonable solution to the very difficult problem of assuring that the rates Medicaid pays nursing facilities for caring for Medicaid beneficiaries comes closer to covering the actual costs of providing that care.

By the Department's own calculations, for the current fiscal year (FY 93) the average cost per day of caring for a Medicaid patient in a nursing home is \$75.43, while the rate paid by Medicaid for that day of care is \$67.15. This means that nursing homes lose \$8.28 per day for each Medicaid recipient we provide care to. Our figures indicate that the gap is even greater. Whatever the gap, the result is a substantial cost shift--either to privately paying patients, or in the case of county facilities, to county taxpayers through mill levies to support the county nursing homes.

We do not like this tax. When we agreed to support it in the 1991 legislature, we were assured that all of the revenues from this tax would be used to provide nursing home reimbursement. In some unfortunate maneuvering at the end of the session, funds were shifted between the two years of the biennium. The end result is that \$1.9 million of the revenues from this tax went to the general fund, instead of to nursing facilities during FY 93.

While House Bill 333 continues to siphon off \$1.9 million to support the general fund,

House Taxation Committee Page 3 February 15, 1993 EXHIBIT # 8 DATE 2-15-93

all of the increased revenues from broad basing and increasing the fee, are appropriated to SRS to be used to increase nursing home reimbursement. Once again, we have agreed to support this fee--so long as all of the increased revenues are used to increase reimbursements to nursing homes.

It is my understanding that a proposal will be made by the Area Agencies on Aging (on behalf of the State Long Term Care Ombudsman) to utilize approximately \$240,000 of general fund raised by this fee to support and expand the Ombudsman program. We are adamantly opposed to that or any other proposal which siphons off nursing home utilization fee revenues for any purpose other than increased reimbursement to nursing homes.

From the start, in supporting this fee, we have made a good faith effort to help solve the state's funding problems with respect to paying for nursing home care. We are the only Medicaid provider group in the state that has agreed to what is a rather creative--but also very sensitive--solution to our funding problems. The State of Montana is not being asked to provide any additional general fund to support nursing home rate increases during the next biennium. All of our increases are being funded through this tax.

Quite frankly, having other groups come in asking to use nursing home fee revenues for purposes other than those intended--no matter how good the cause--represents our worst nightmare. I strongly urge you to resist any effort to earmark nursing home user fee revenues for any purpose other than nursing home reimbursement.

We urge your support of HB 333 with Rep. Cobb's amendments.

Thank you for the opportunity to be heard. I would be happy to answer any questions you may have or to provide any additional information you may need.

FACTORS (OTHER THAN INFLATION) DRIVING THE COST OF NURSING HOME SERVICES

In recent years, nursing homes have been faced with substantial cost increases beyond those associated with general inflation in the goods and services they purchase. New federal and state requirements and substantial increases in workers' compensation insurance premiums account for much of these increased costs. The following list outlines the major new requirements and costs.

All of the following are new requirements or costs since 1987, which we believe are responsible for much of the increased cost of nursing home care since that time:

- 1. <u>Nursing home bed fee</u>. The nursing home bed fee accounts for \$2 per patient day of the cost increases experienced by nursing homes.
- 2. Workers' comp premium increases. Workers' compensation premiums have increased 152% since 1987, from \$7.49 per \$100 of payroll to \$18.89 per \$100 of payroll. Because nursing homes are labor intensive, salaries and benefits account for 60-70% of all costs experienced by nursing homes.
- 3. Minimum wage increase. The federal minimum wage increased from \$3.35 to \$4.25 per hour.
- 4. <u>OBRA</u>. The federal Omnibus Budget Reconciliation Act of 1987, and subsequent amendments, included major nursing home reform provisions. New nursing home requirements include:
 - a. 75 hours of training for nurse aides
 - b. testing of nurse aides
 - c. continuing education of 12 hours per year for all nurse aides
 - d. additional requirements for RN and LPN staffing
 - e. quality assessment and assurance committees
- f. additional assessments, reviews and care planning requirements, including used of a federally mandated "minimum data set" and protocols
- g. additional requirements for use of bachelor's degree social workers and dietary, pharmacy and medical records consultants
 - h. additional requirements for physician involvement
 - i. new requirements for handling patient trust funds

DATE 2-15-93 \$1 #B-333

- j. new requirements for reduction and elimination of the use of restraints
 - k. new requirements relating to use of drugs
 - 1. new requirements relating to residents rights and choices
- m. requirement to provide care and services designed to enable every resident to attain and maintain the "highest practicable level of physical, mental and psychosocial functioning"
- 5. Additional new laws and regulations which add requirements and costs to nursing facility services:
 - a. OSHA bloodborne pathogens standard
 - b. Americans with Disabilities Act
 - c. Clinical Laboratory Improvement Act (CLIA)
 - d. Safe Medical Devices Act.
 - e. Patient Self Determination Act
- 6. <u>Patient acuity</u>. The care needs of nursing home patients continues to increase. This is caused in part by the availability of home health, waiver, and other lower level services to care for those with less intense care needs.

by DARES BILLS 193

1. Page 1.

Title

Line 11

Following: "FEE;"

Insert: "CREATING AN OMBUDSMAN REIMBURSEMENT FUND; REQUIRING THAT CERTAIN PROCEEDS OF THE UTILIZATION FEE BE DEPOSITED IN THE FUND; PROVIDING FOR AN APPROPRIATION TO LOCAL OMBUDSMAN REIMBURSEMENT; AMENDING SECTION 15-60-210, MCA;

2. Page 2.

Line 14

Insert: "NEW SECTION Section 3. Ombudsman Reimbursement Fund. There is an ombudsman reimbursement fund within the state special revenue fund. The purpose of the fund is to provide a continuing source of revenue for reimbursing local ombudsman services and related activities."

3. Page 2.

Line 14

Insert: "NEW SECTION Section 4. Section 15-60-210, MCA is amended to read as follows:

- " All proceeds from the collection of utilization fees, including penalities and interest, must be deposited in the state general fund, except that two-hundred forty thousand dollars must be deposited in the ombudsman reimbursement fund created by [section 3].
- 4. NEW SECTION Section 5 Appropriations. The following amounts are appropriated to the department of family services for the purposes of reimbursing local ombudsman services and related activities, during the period of July 1, 1993, through June 30, 1995:

Fiscal Year 1994----- \$ 120,000

Fiscal Year 1995----- \$ 120,000

Renumber following sections.

Good morning Mr. Chairman and members of the Committee.

For the record, I am Bob Williams and I would like to go on record of supporting HB 333 providing you accept Representative Elliott's amendment. This amendment will provide a few dollars to fund an extremely important program to any person living in a nursing facility or might be living in one some day.

First, I should let you know why I am interested in the ombudsman program and the funding of it. I first heard the word ombudsman in the 1985 session when the House passed a bill concerning the Ombudsman program and for some reason or another, we killed it in the Senate. I did show some interest at that time and ended up on a committee attached to the Senior's office and o n that committee t he as Senate representative until last December.

The committee generated a new bill that I carried in the '87 session and I believe the program has proven its worth and is here to stay. (Let me define ombudsman.) Now, most of you are probably searching your brain trying to think of some situation where the ombudsman made the evening news or saved the day in some way. Unless you are involved directly with a nursing facility in some way you probably won't tie in a thing.

But, by the same token, because of the dedication of the people that work within the program we are blessed by not having headlines in the paper telling about some messy or unfortunate problems

at the local nursing home.

Again, these local ombudsman need to be dedicated, well trained people that are working daily with your's and my grandparents, or parents or maybe even one of us in the not to distant future.

Now, please, before you vote on Representative Elliott's amendment, let your mind take you to the future as a nursing home patient that has a problem that for some reason can't be shared with the staff, nor inspectors or even a good friend but in your mind you know that the ombudsman will be along soon. The ombudsman can develop a comfort level with a patient that you can not put a dollar value on.

Now, refer to your fiscal note, assumptions 4 and 7 and you can come up with a multiplier of well over 2 1/4 million.

Divide that factor by the 120 thousand this amendment is asking for and then ask yourself if the peace of mind for a loved one or even a complete stranger is worth it.

I think it is.

February 15, 1993

EXHIBIT <u>//</u> DATE <u>2/15/93</u> HB <u>3</u>33

Mr. Chairman, and members of the House Taxation Committee,

For the record, my name is Cindy Johnson Stevick. I regret I am unable to be here this morning due to illness. I am the Certified Local Ombudsman for the six county area of the Area IV Agency on Aging based at Rocky Mountain Development Council in Helena. My territory includes 14 long term care facilities, 4 of which are personal care homes. II have be served this area for the past three years, traveling once a month to the out-of-town facilities. With a drastic increase in work-load, and a serious lack of funding, it is often necessary that I skip two month's travel out of each year.

The complaints that I work with vary from minor concerns that I can clear up right away, to very complicated issues that require strick confidentiality and, due to the fact that I cannot be in the facilities as frequently as needed, these concerns often take several months to resolve. The cases that I am referring to are such things as guardianship issues; possible eviction from the facilities; care plan problems which often involve much of the staff and family members; behavioral issues of the dementia patients; and often simple but hidden resident concerns that directly effect their quality of life.

Many of the problems that we are confronted with have a very definite impact on the quality of life for these residents. I would like to provide just a few examples. I have been able to assist a young MS resident in regaining her right to vote (this resident had been referred to me by a DHES Surveyor who had noted a concern but was unable to take any I have worked with Administration to prevent a resident from being removed from the facility by abusive family members. Due to often serious lack of communication between facilities and resident/family members, care plans meetings are a common ground for the Ombudsman to act as resident advocate and mediator in resolving care problems. Dementia behaviors are an on-going problem that can require many hours of work and mediation. Lastly, I wish to provide an example of a simple problem that is often so hidden that few staff or family members see it. This related to an elderly couple in a nursing home who had raised their greatgrandchild from infancy and since their admission to a LTC Facility in another community they had lost all contact with this child who was now in foster care. I intervened to establish communications by phone with the child and was promised on-going contact.

I am invited to attend the exit-interviews when the DHES Survey Team is in one of my facilities. This is not only an

excellent learning opportunity but also helps to establish a healthy working relationship with the Surveyors as well as the LTC Facility. Unfortunately, due to our tight budget. I am often unable to travel to these exit interviews in my out-of-town facilities. The survey results are very important to my job as they enable me to coordinate follow-up activities with the surveyors.

The Ombudsman job is a personal committment to me as several years ago my father was a resident of a nursing home. He was admitted only after my mother had given up her life to care for him at home. Nursing Home placement was especially traumatic for my family. We knew nothing of an Ombudsman Program and I believe that, had we had someone as a third party to help us with our questions and problems relating to the treatment of a wandering Alzheimer's resident, not only our lives but the life of my father could have been happier.

We need funding for the Ombudsman Program. It took three legislative sessions for the Montana Legislature to recognize the Federally Mandated Ombudsman Program in Statute. After 5 lesislative sessions, the Montana Legislature has none-the-less neglected to provide any general funding for this program. With the meagher Federal resources the program is not able to meet the minimum requirements of the program. With approval of this funding request the program would be able to adequately serve Montana's Long-Term care residents facilities. I therefore respectfully urge you to approve a portion of the facility bed tax that goes to the general fund to be ear-marked for a special Long-Term Care Ombudsman Fund.

Thank you for your time and attention to these remarks.

Singerely

Cindy Johnson Stevick

DATE 3/15/93 #8 333

FUNDING LEVELS

1. PERSONNEL EXPENSES Costs estimated for 36 Certified Local Ombudsmen working 7 hours per week at a wage of \$6.50 per hour (including benefits).

36 CLO's x 7 hrs/wk x 52 weeks x \$6.50 = \$85,176

2. MILEAGE EXPENSES Costs based on a average of 200 miles travel per month.

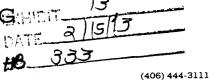
36 CLO's x 200 miles/mo x 12 months x 28 cents/mile = \$24,192

- 3. MEALS EXPENSES Costs based on an average 2 meals per month. 36 CLO's x 2 meals/mo x 12 months x \$4.00/meals = \$3,456
- 4. LODGING EXPENSES Costs based on an average 4 overnight stays per year.

36 CLO's x 4 nights/yr x \$31.20 state rate rooms = \$4,493

5. TRAINING EXPENSES Costs to put on initial and re-certification training for CLO's = \$2500.00

MARC RACICOT, GOVERNOR



PO BOX 200801 HELENA, MONTANA 59620-0801

February 15, 1993

TO: House Taxat:

House Taxation Committee

FROM: Doug Blak

Doug Blakley, State Ombudsman

RE:

Ombudsman Amendment to HB 333

I appear before this Committee with two responsibilities to fulfill. First, as an employee of the Governor's Office on Aging, I have been requested to inform the Committee that the Administration does not support the amendment to HB 333 because of its impact on state general funds. Secondly, Representative Elliott requested me to give an overview of the ombudsman program and its goals.

Ombudsman services are one of the mandated services the State must provide to receive federal Older Americans Act funds. The overall goal of ombudsman services is to act as an advocate for personal care and nursing home residents, especially in the area of complaint investigation and resolution.

Both the Department of Health and Environmental Sciences and the Ombudsman Program have complaint resolution responsibilities. However, our program is unique from DHES in two ways: accessibility (we visit homes at least monthly, get to know residents better, and work directly with them to solve problems); and scope of complaint handling (DHES' jurisdiction is limited to enforcing federal laws and regulations, while our program handles care complaints as well as Medicaid or Medicare issues, payment issues, health care decision making issue and a wide array of rights issues). We make a concerted effort to coordinate with DHES to prevent duplication and maximize energies to the advantage of residents.

All services at the local level are provided through Area Agencies on Aging. Due to changes in federal law, our program responsibilities at the local level has increased greatly over the last 3-4 years. We now must train and certify local ombudspersons in a similar fashion as nursing homes must do with aides. The complexity of the issues we deal with have also increased.

We currently have 32 Certified Local Ombudspersons, who visit 80% of the licensed long-term care facilities in the state. The only funds we receive to accomplish our duties is about \$19,000 in federal money. The case load of the program has increased substantially each year, and currently exceed over 300 cases a year. As workloads continue to increase, budgetary constraints make it increasingly difficult to provide timely, accessible services to residents and family members dependent on objective outside advocates to ensure quality services.

EXHIBIT / 4

DATE 2/15/93

HB 335

*******PLEASE DELIVER THIS MANUSCRIPT TOJILL ROHYANS, SEC. OF HOUSE OR REPRESENTATIVES TAXATION COMMITTEE - ROOM 431 PHONE -- 444-483 immediately.

My name is Ferne Prather. I serve as a Long Term Care Ombudsman in Sweet Grass County. Ombudsman visit Long Term Care facilities on a regular basis. They meet with the residents and are available to listen when there is a complaint or when there is praise. They maintain a working relationship with the administrative and Direct Care Staff, prepare and submit written reports on investigative and mon thly activities. In all complaints, they take action. All investigative activities are reported to the State Ombudsman.

They attend the meeting of the Residents' Council (monthly). This council affords the resident an apportunity to register complaints without fear of reprisal. Confidentiality is very important. The Ombudsman reviews Residents* Right s at these council meetings so the nursing home residents will be better informed.

I visit Mrs. X who refuses to take her medicine - she spits on the floor she holds it in her mouth and refuses to swallow it - she insists the staff is trying to poison her. She accuses the aides of abusing her by throwing her on the bed when they take her out of the wheelchair. Stemplains that she can't reach her alarm bell - so she hollers, she swand strikes out to get attention. Mrs. X can be subdued - it takes time and patience. It takes time to listen - time to praise her - how prett; her dress is - how nice th pin looks on the collar of her dress. Then ask if she wears earrings - does she like earrings - and since her answis in the affirmative - I assure her we will get a pair. Soon she forgoner complaint and enjoys my visit - I am one of her only or maybe few visitors.

Ombudsman spend time each month trying to be good listeners- being compassionate for distressed residents, resolving relations of residents the staff and resolving differences to make life more comfortable and patible for all. Ombudsman are require to have 16 hours of additional training each year - 10 hours is provided by the State Ombudsmans' Off The other six hours each Ombudsman provides on their own - developing sumer educational opportunities, in-service training on residents' rig or community training on nursing home issues.

I would like to solicit funding for this important program.

te tells nursing home to clean up its ac march : 3 1991

3ut adminstrator at Western Manor says investigation is inaccurate, overstates trouble

A state investigation has found "serious roblems" in the operation of a Billings nursing ome, and the facility could be closed if those roblems are not corrected, a top state health ficial said.

The Western Manor Nursing Home was reintly cited for failing to meet several state reincements and is 'on the termination track." and Denzel Davis, chief of licensing and certifiition for the Montain Department of Health of Environmental Sciences.

THOSE COMPLAINTS RANGED from rerts of injured patients who, didn't receive
nely care — including a man who got no
sistance for 23 days after swallowing his false
eth — to nursing assistants who were falsify

g medical records problems, Davis said the Despite those problems, Davis said the raing home, at 2115 Central Ave., will remain en if the business makes good on plans to imove its operations.

"If the items cited are not corrected, terination action will take place at this facility," wis told the Gazette. "We would recommend

"But closing (a nursing home) scares the il out of people. It's more practical to correct problems than it would be to find space for ose patients. After all, I don't think there's in 15 spare beds in the Billings area."

According to health department records, te investigators reviewed patient records interviewed staff members at Western nor Jan. 17 and 18. The 158-bed nursing ne, managed by Sage Co., of Minneapolis, is

second largest in Billings. Sage Co. also manages Valley Health Care



Gazette photo by Bob Zeller

Western Manor Nursing Home of 2115 Central Ave., Billings.

Center, at 1807 24th St. W., but that facility is not involved in the state's inquiry of Western Man-

tigators found "widespread concern" about restigators found "widespread concern" about restident safety, staffing levels, training for nurses aldes and the accuracy of information placed in patient medical records. Concerns were also raised about the responsiveness of the home's administration to problems identified by the nursing staff, records said.

Although Davis said the patients at Western Manor are not in immediate or serious jeopardy, he did say "anyone can see that we found some serious allegations that were validated."

WESTERN MANOR administrator Todd Hansen admitted that the nursing home has problems, but he believes the state formed an

"incomplete and inaccurate picture" during its inquiry.

"We're taking these allegations seriously, and we are going to deal with them," Hansen said. "But this makes it sound like bad things happen, and nobody cares. That's not the case." Western Manor has made plans to correct the state's allegations, and Hansen said Friday

that the state has approved that initial proposal.

"Formally, we may be on the (termination) path, but that is not the direction we are now taking," Hansen said.

THE MOST SERIOUS of the citations against Western Manor involved the injuries of three specific patients, Davis said.

The first case was of an elderly man who had apparently lost his false teeth on Dec. 17, 1990, and afterwards "did not eat well and appeared to the (nursing assistants) to be uncomfortable," the state report said.

The nursing assistants, who wrote that the patient was losing weight and "grimaces when he swallows," suspected that the man had swallowed his false teeth, the report said.

Despite that, "no examination or treatment was done to determine the possibility that he may have swallowed it until the administrator was called by the State Ombudsman on Jan. 8, 1991," the report said.

When an X-ray was taken on that day — 23 days after the teeth were reported missing — they were found lodged in the man's esophagus; the report said.

Hansen defended Western Manor's treatment of the case, saying "Nobody realistically believed that it could have happened. How he did it, I don't know."

The second incident involved a female patient who broke her arm probably on either Dec. 24 or 25, but didn't receive treatment until Dec. 77 the state report said.

Dec. 27, the state report said.

Western Manor had no record of how or when the patient broke her arm, the report said.

"Despite our best intentions, there will always be broken bones in nursing homes."

day or two days before, I don't know."

The third report was of a woman who was treated for a broken led in Amril 1990

Hansen said. "If it could have been found one

treated for a broken leg in April 1990.

Nursing home records of April 7 show that the patient's left leg was "very hot to touch. Knee bruising, unable to assess for pain or dis-

Comfort."

The woman was given Tylenol, and the April 11, she was treated at the hospital or any probable fraction," records said.

EXHIBIT

"probable fraction," records said.

The patient was treated with a "rich immobilizer," and in January 1991, a doct ordered that the use of the brace continue".

(More on Patients, Page 11A)

Patients

From Page One

needed," the report said. However, the last record of the splint being used was on Dec. 14, 1990. When questioned by a state investigator, a nurse's aide said that "the splint had been washed and shrank, so is now too small." records said.

Hansen confirmed that the brace had been shrunk, but added the nurses "simply felt it didn't matter because she didn't need it."

THE STATE'S REPORT also found that Western Manor's staff was not large enough at certain times. "The great majority of staff interviewed were concerned about not having enough help to give adequate care to residents," the report said.

For example, during one meal that the state's investigators witnessed, "Feeding was slow and several residents were up and out of the dining room before the meal could be offered to them," the report said.

Several nursing assistants also told the state investigators that they are instructed by nurses to complete patient records, "even when they have not completed the care that is outlined," the report said. "Some (nursing assistants) report that they refuse to fill in areas when they known't done the care. Others state they have filled in some of the blank areas because they felt pressured to do so."

Davis said the complaints cited in the state report are "not the only problems. They're just examples. The investigation is only a snapshot of Western Manor."

"I wouldn't say these are the only complaints we've heard."

THE STATE investigators also concluded that much of the record keeping at Western Manor was either incomplete or didn't exist.

"Serious resident injuries occurred with little or no documented evidence of appropriate and aggressive investigation or follow-through by the facility staff or administration," the report said.

Hansen said the health department could have learned more about how patients are treated at Western Manor if the investigators had interviewed nurses at the home rather than nurses' aides.

"If they would have done that, they would have gotten the rest of the story," Hansen said. "I have to admit, I was angry when I saw this because I felt it was incomplete and inaccurate."

HANSEN ALSO SAID that the Western Manor's reports of patient care are complete, but because of "an unfortunate misunderstanding," those documents were not available to the state during its investigation. Copies of reports have since been sent to the state, Hansen said.

But Davis said the lack of records is not the state's major concern.

"When we asked for records, we were told that the files couldn't be found," Davis said. "But that's not the issue. The issue is that the incidents did indeed happen."

Hansen did confirm that, as of this past week, the director of nursing at Western Manor is no longer at the home. He refused to say if the director was fired or if she quit.

When asked if that director's absence would make a change for the better at Western Manor, Hansen said, "I have to be honest and say that I think it will."

While Hansen concedes that Western Manor is not perfect, he believes that the problems cited by the state's investigators are industrywide and not just at the home he administers.

Davis, however, said the health department has "no problems with any other facility in Billing

"Right now, Western or is the only (nursing home) in tate that we have under termin. action."

WESTERN MANOR has Monday to provide the state w "letter of credible solution," w will specifically detail what is bdone to correct the deficiencies state found, Davis said.

After receiving that docu: which Hansen said the state indeed have by Monday, We. Manor will be subject to an unannounced inspection in the near future, Davis said.

da ır, :r-

11

n

:3

)-

าร น่)

DESPITE INDUSTRY'S CLAIMS -

EXHIBIT /6

DATE - 7/15/93

68 933

NURSING HOMES ARE MONEY-MAKING VENTURES.

The Sage Company, which is curently involved in contract negotiations with the United Health Care Workers Union, is making a tremendous profit in Montana. This profit is shipped directly back the the company owners, John and Sidney Goodman.

**The management fee the company charges each nursing home amounted to \$777,063 in 1990. This fee is not for accounting - merely for "management services."

**John Goodman owns the Village Health Care Center, yet charges his company \$648,000 a year in rent. Over the 14 years of the lease, the Village will pay Goodman more than nine million dollars.

**Sage homes still make a tremendous profit in addition to the rent and management fees. For instance, Hillside Manor made a \$273,221 profit last year.

**The company is also slated to receive money from the Bed Tax. Hillside Manor will receive about \$71,000 next year. Riverside Nursing Home will receive about \$55,000.

^{**}All figures come directly from Medicaid reports submitted to the state.

Sage Company's Earnings in Montana

Sage Company's nursing homes in Montana generate incredible profit for Sage's Minnesota owners, Sidney Goodman and John Goodman. In 1990 along Sage made almost \$2.2 million from several Montana nursing homes. This \$2.2 million could have stayed in Montana providing better wages and services at Sage's nursing homes. Instead, this money left Montana form Minnesota. The following facts are taken from financial reports submitted by the Sage Company to the Montana Department of Social and Rehabilitati Services.

Sage Company charges each of its Montana nursing homes a management feet You should know that this management fee does not include the fees that Sage charges its nursing homes for accounting services. Sage's manager fee usually equals 6% or 7% of the nursing home's total revenues. Homes paid Sage the following management fees in 1989 and 1990:

Management Fees Paid to Sage Company

	<u> 1990</u>	<u>1989</u>
Village Health Care	\$242,099	\$233,592
Riverside Health Care	\$ 82,682	\$ 74,471
Hillside Manor	\$162,983	\$153,493
Valley View Estates	\$ 98,322	\$ 98,270
Western Manor	\$190,977	\$186,360
Totals	\$777,063	\$746,186

In addition to these management fees, Sage nursing homes sometimes pay re to Sage owners. For example, the Village Health Care Center is actually owned by John B. Goodman. In addition to the management fees paid by the Village Health Care Center to Sage Company, the Village Health Care Center pays John B. Goodman \$648,000 in rent every year. The Village Care Cen also pays John Goodman's real estate taxes for the nursing home. Over the fourteen years of the Village Health Care Center's lease to John Goodman, the nursing home will pay John Goodman more than 39 million in 🖏 rent.

Finally, after paying management fees to Sage, certain Sage facilities still make a profit for the parent company. For example Hillside Manor a net profit of \$273,221 in 1990 and \$237,861 in 1989. Valley View had net profit of 203,483 in 1990.

1990 Karnings by Sage in Montana	
Management fee at Hillside Manor	\$162,983
Net Profit Hillside Manor	\$273,221
Management fee at Riverside Health Care	\$82.682
Management fee at Village Health Care	\$242,099
Village Health Care rent to John Goodman	\$648.000
Mangement fee at Valley View	\$ 98.322
Net Profit at Valley View	\$203,483
Net Profit at Western Manor	\$282,861
Mangement fee at Western Manor	\$190.977
Total fees paid to Sage	32.184.628

EXHIBIT.		
DATE	2/15/0	75
HB	467	

Amendments to House Bill 467 First Reading Copy

Prepared by Department of Revenue (2/15/93)

Page 9, line 5.

Following: "mineral interests"

Strike: ": (a) held in trust by the United States government for an Indian tribe or a member of an Indian tribe; or (b) that are owned by an Indian tribe and that are located within the exterior boundaries of the tribe's reservation or that are recognized as being part of that reservation."

Insert: "that are owned by an Indian tribe or tribal member or held in trust for an Indian tribe or tribal member by the United States and that are located within the tribe's or tribal member's reservation or otherwise deemed part of such reservation."

Reason for Amendments:

- 1. The first amendment reflects changes in the federal law governing the leasing of Indian trust property by the Department of Interior.
- 2. The second amendment clarifies the term "Indian lands".

EXHIBIT 17a TDATE 3 [1**5**]13 HB 467

DEPARTMENT OF REVENUE TESTIMONY ON HOUSE BILL NO. 467 FIRST READING FEBRUARY 12, 1993

House Bill 467 proposes to tax coal produced by non-Indians on Indian lands, in compliance with the United State Supreme Court's decision in Cotton Petroleum Corp. v. New Mexico. In Cotton Petroleum, the Supreme Court noted it had previously invalidated Montana's gross proceeds taxes on coal produced on Indian lands, because it felt the Montana tax was too high which effected the marketability of the coal thereby imposed a substantial burden on the tribe. The effective tax rate of Montana coal taxes at the time was 32.9 percent. In contrast, the court found New Mexico's 8 percent oil tax was not too high and could be imposed on non-Indians producing oil on Indian lands.

Since the date of the Court's decision, the Montana tax rates concerning coal production have been significantly reduced. The coal severance tax has been reduced from 30 percent to 15 percent of the contract sales price. The resource indemnity trust has been lowered from 0.5% to 0.4%. The coal gross proceeds tax has been changed to 5% of the contract sales. These rate reductions coupled with the proposed reduced tax rate in this bill, will reduce the effective tax rate on coal produced by non-Indians on Indian lands to 6.73%.

The proposed effective tax rate compares favorably with effective tax rates of competitors. The effective non-tribal tax rate is 13.5%, while one of Montana's largest competitors, Wyoming, has an effective tax rate of 10.5%. The low effective tax rate proposed in this bill will not impair the marketability of the coal produced

from Indian lands, and will insure that the proposed tax falls within the limitations found acceptable by the Supreme Court in <u>Cotton Petroleum</u>.

The amendments to the bill have been made at the request of the department of justice. The first amendment provides an exemption to the proposed tax for royalties received by a tribe pursuant to the Indian Mineral Leasing Act. The second and third amendments clarify the proposed tax will apply to coal produced on lands or mineral interests held in trust for a tribe or tribal member by the federal government located on established Indian reservations or lands legally considered as Indian reservations. Coal produced by non-Indians on all other land would be taxed at the current tax rate.

EXHIBIT_/8

DATE_2/15/93

HB_467

TESTIMONY OF
C. JOE PRESLEY
WESTMORELAND RESOURCES, INC.
BEFORE
HOUSE TAXATION COMMITTEE
ON
HOUSE BILL 467
February 15, 1993

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM JOE PRESLEY, PRESIDENT OF WESTMORELAND RESOURCES, INC. WESTMORELAND RESOURCES MINES COAL OWNED BY THE CROW TRIBE IN THE CEDED STRIP. I AM HERE TODAY TO OPPOSE HOUSE BILL 467.

PASSING THIS BILL WILL MOST CERTAINLY CAUSE A NEW LAWSUIT BETWEEN THE CROW TRIBE AND MONTANA THAT WILL EVENTUALLY FIND ITS WAY TO THE U. S. SUPREME COURT. THIS WILL BE VERY EXPENSIVE FOR THE STATE, CROW TRIBE, AND WESTMORELAND. FURTHERMORE, I BELIEVE THE PROBABILITY OF THE STATE PREVAILING IS VERY LOW. THE BALANCE OF MY TESTIMONY WILL DISCUSS WHY I THINK THE PROBABILITY OF SUCCESS IS LOW.

WESTMORELAND HAS BEEN MINING CROW TRIBE COAL SINCE 1974. IN 1976 THE CROW TRIBE PASSED A TAX ORDINANCE PROPOSING TO TAX COAL MINED ON THE RESERVATION AND THE CEDED STRIP AT 25% OF THE FOB MINE PRICE. THE INTERIOR DEPARTMENT DID NOT APPROVE THE ORDINANCE FOR THE CEDED STRIP WHERE WE ARE MINING BUT DID APPROVE IT FOR THE RESERVATION PROPER. SINCE 1976, WESTMORELAND HAS BEEN VERY CONCERNED ABOUT DOUBLE TAXATION--THAT IS, HAVING TO PAY BOTH THE CROW'S AND MONTANA'S PRODUCTION TAXES. IN 1982, WE AMENDED OUR LEASE

WITH THE CROW TRIBE. THE AMENDMENT PROVIDED THAT WE WOULD PAY THE TRIBE A SEVERANCE AND GROSS PROCEEDS TAX EQUAL TO MONTANA'S SEVERANCE AND GROSS PROCEEDS TAXES LESS ANY TAX WE HAD TO PAY TO THE STATE. THIS AMENDMENT EFFECTIVELY ELIMINATED DOUBLE TAXATION.

IF HOUSE BILL 467 IS ENACTED, WE WILL HAVE TWO ALTERNATIVES. WE CAN PAY MONTANA THE NEW TAXES AND DEDUCT A LIKE AMOUNT FROM THE TAXES PAID TO THE CROW TRIBE. THE OTHER ALTERNATIVE, AND A MORE LIKELY ONE, WOULD BE TO PETITION THE U.S. DISTRICT COURT TO ORDER THE NEW STATE TAXES PAID INTO THE COURT UNTIL THE LEGALITY OF THE NEW TAXES HAS BEEN DETERMINED. IN VIEW OF THE NINTH CIRCUIT'S DECISION IN CROW TRIBE VS. STATE OF MONTANA, HOUSE BILL 467 WOULD UNDOUBTEDLY BE CHALLENGED BY THE TRIBE. IF WE PAID THE TAXES TO MONTANA AND THE TAXES WERE ULTIMENTLY DETERMINED TO BE ILLEGAL, WE WOULD BE FACED WITH HAVING TO PAY THE TAXES A SECOND TIME TO THE TRIBE.

COTTON PETROLEUM VS. STATE OF NEW MEXICO, A U. S. SUPREME COURT DECISION, IS CITED AS JUSTIFICATION FOR HOUSE BILL 467. THE COTTON CASE WAS DECIDED IN 1989 A LITTLE OVER A YEAR AFTER THE NINTH CIRCIT'S DECISION IN CROW VS MONTANA WAS DECIDED. COTTON PETROLEUM'S OIL AND GAS OPERATIONS ARE ON THE JICARILLA APACHE RESERVATION AND WERE SUBJECT TO A 6% JICARILLA APACHE SEVERANCE TAX AND AN 8% NEW MEXICO SEVERANCE TAX. COTTON PAID THE NEW MEXICO TAX UNDER PROTEST AND FILED A SUIT CHALLENGING THE TAX. IN THE COTTON

DATE 2-15-93 HB-467

CASE, THE SUPREME COURT FOUND THAT NEW MEXICO'S 8% SEVERANCE TAX WAS VALID. ONE OF THE PRINCIPAL REASONS FOR ALLOWING THE NEW MEXICO TAX WAS THE FACT THAT THE TAXES' ECONOMIC AND LEGAL BURDEN FELL ON COTTON PETROLEUM, A NON-INDIAN, AND HAD NO ADVERSE IMPACT ON TRIBAL INTERESTS.

IF WESTMORELAND IS REQUIRED TO PAY THE NEW STATE TAXES, THE BURDEN WILL FALL ON THE TRIBE. UNDER OUR LEASE AGREEMENT, WESTMORELAND WOULD REDUCE THE AMOUNT PAID TO THE TRIBE BY THE AMOUNT PAID TO THE STATE. THUS, THE ECONOMIC. IF NOT LEGAL, BURDEN WOULD FALL ON THE CROW TRIBE.

DATE <u>2/15/93</u> HB <u>467</u>

Testimony of Robert S. Pelcyger,

Crow Tribal Attorney,

on Montana House Bill No. 467,

"An Act Providing for the Taxation

of Coal Produced from Indian Lands,"

Before the House Committee on Taxation.

February 15, 1993

Eighteen years ago, representatives of the Crow Tribe appeared before the Montana Legislature urging that the proposed coal severance and gross proceeds taxes then being considered not be applied to coal owned by an Indian tribe. Unfortunately and tragically, the bill was enacted over the Crow Tribe's objections.

Eighteen years later, the Crow Tribe and the State of Montana, as well as the United States and Big Horn County, are still heavily involved in bitterly contested, very expensive, time-consuming and extremely high-stakes litigation. The States' efforts to impose and collect its taxes on the Crow Tribe's coal have had truly devastating consequences politically, economically and every other way, on the Crow Tribe and on its members who, I remind you, are citizens and residents of Montana who spend virtually all of what limited money they have in Billings and Hardin.

I do not have time today to describe all of the awful consequences of the State's coal taxes. Indeed, those matters are still in litigation and will be tried this fall. Suffice it to say that relations between the Crow Tribe and the State of Montana were practically non-existent for 15 long years. The Crow Indian Reservation would be a much different and a far far better place today if the Montana Legislature had accepted the Crow Tribe's position. And, of course, the State of Montana would not be faced with a claim for more than \$200 million.

DATE 2-15-93

We appear before you today, with the respect due from one sovereign to another, to beseech you to learn from history and from your predecessors' terrible mistake. Do not repeat this blunder. Do not try to escape or limit the consequences of the ill-advised decision made 18 years ago by compounding the error and making it much, much worse.

For those of you who may not be familiar with the history of the controversy since 1975 and what issues remain, let me briefly describe what has happened. In 1987 and 1988, Montana's coal severance and gross proceeds taxes were held invalid as applied to Crow coal by the Ninth Circuit Court of Appeals and by the United States Supreme Court. The Crow Tribe was awarded \$30 million in taxes and interest from an escrow account for the period between 1983 and 1987. Since 1987, all of the severance and gross proceeds taxes on Crow coal have been paid to the Crow Tribe. The Tribe receives between \$1.6 and \$3.2 million dollars a year in severance and gross proceeds taxes from its lessee, Westmoreland Resources.

The remaining issues in the litigation relate to the approximately \$60 million in severance and gross proceeds taxes on Crow coal paid by Westmoreland to the State of Montana and Big Horn County principally from 1975 through 1982. With prejudgment interest, the claims of the Crow Tribe and the United States now exceed \$200 million and will climb to more than \$300 million if the litigation proceeds through the courts for another 5 years. Both the Federal District Court in Billings and the Ninth Circuit Court issued decisions in 1990 and 1992 respectively rejecting Montana's principal defenses to this claim.

Essentially the only remaining issue is to determine the extent, if any, to which Montana and Big Horn County will be able to justify any offsets.

I obviously do not have time today to delve into the details of the severance tax litigation and I am not here to rub salt in the State of Montana's self-inflicted wounds. But I think it is worth spending a few minutes summarizing the Court's most important findings:

- 1. Montana's coal taxes were intended to appropriate most of the economic rent derived from the production and sale of the Crow Tribe's coal resources.
- 2. During the period that Montana's coal taxes were in effect, Westmoreland paid the State and Big Horn County about 4 times more in coal severance and gross proceeds taxes than it paid to the Crow Tribe in coal royalties.
- 3. Montana's coal taxes increased the cost of production by the coal producers, reducing in turn the royalty that could be paid to the Tribe.
- 4. Montana's coal taxes take revenue that would otherwise go towards supporting the Tribe and its programs.
- 5. Montana's coal taxes limit the Tribe's ability to regulate the development of its coal resources.
- 6. Montana's high coal taxes affect tribal revenues by interfering with the Tribe's leasing efforts. Because of the taxes, the lessee cannot find a buyer, making it difficult for the Crow Tribe to find a lessee.
- 7. Montana's coal taxes reduce tribal revenues by impairing the coal's marketability.

I remind you that these are not the Crow Tribe's allegations; these are Court findings entered after all evidence had been presented and all sides had been heard.

DATE 2-15-93

This is the essential backdrop to House Bill No. 467. As I understand the bill, it would establish a two-tiered coal tax in Montana, a severance and gross proceeds tax of approximately 20% for coal extracted from non-Indian land and a severance and gross proceeds tax of approximately 8% for coal extracted from Indian lands. Of course, the only coal currently being extracted from Indian lands in Montana is the Crow coal from the Westmoreland mine. So the proposed new tax is aimed clearly, directly and solely against the Crow Tribe.

As I previously noted, since 1987 Westmoreland has paid all of its severance and gross proceeds taxes to the Crow Tribe. The effect of House Bill No. 467, if it is enacted in its present form and if it is implemented, two very big "ifs," would be to take away 40% of the severance and gross proceeds taxes that Westmoreland is currently paying to the Crow Tribe. That amounts to between \$640,000 and \$1,280,000 a year.

There are many things, none of them good, to be said about this proposed new tax. One of the most obvious questions is why is it limited to coal? Why not establish a similar two-tiered tax structure on other Indian resources, such as oil and gas for example? Surely, if a 40/60 split between the State and Indian tribes is appropriate for severance and gross proceeds taxes on Indian owned coal, some kind of division should be appropriate for other Indian resources such as oil and gas. But there is no mention of oil or gas or other resources in House Bill No. 467. Why not, especially if the purpose of the bill is supposed to be to apply the teachings of the Supreme Court's 1989 decision in Cotton Petroleum in

an even-handed way?

The answer to this obvious question is equally obvious. The State has a one tier tax on all other resources and is collecting 100% of those taxes. It is not proposing to split any taxes it is currently receiving from Indian resources or transactions; it is only proposing to take 40% of the one tax that an Indian tribe is receiving.

So this is not an attempt to be fair or to come to terms with the complexities of tax relations between the State and the Indian tribes located within the State. This is a blatant effort by the State to keep everything it is now getting from tribes and to change the law in order to deprive one Indian tribe of its hard-earned court victory in the only place in the State where the Tribe is collecting the tax revenues and the State is not.

This would be a sham and a shame. It is not worthy of this great State.

Further, this proposed tax is not just regressive; it is cruel. It is aimed directly and specifically at some of the poorest people in the State, the members of the Crow Tribe. As you will hear later this morning, these are the people who are benefitting from the tribal programs and activities funded with Westmoreland's tax payments. These are the people who would suffer from the proposed shift of 40% of those tax revenues from the Tribe to the State.

Who are these people? Let's look at them through the lens of the statistics in the 1990 census. As you can see from my handouts, the unemployment rate for Indians in Big Horn County is more than 40% as compared to 3.3% for non-Indians in Big Horn County and 7% for the State as a whole. More than 50% of the Indians in Big Horn County live below the poverty level as compared to 13% of the non-Indians in Big Horn County and 16% of the people in the State. Indians in Big Horn County earn an average of \$4,300 dollars per person per year as compared to \$10,700 per person per year, more than twice as much, earned by non-Indians in the County and even more, \$11,500 per person per year earned by all non-Indians in Montana.

These statistics are depressing and mind-boggling. Think about them and what they mean. Think about the despair and the poverty that is so prevalent on the Crow Reservation as well as on Montana's other Indian reservations. Think about why that might be. And then think about what happened here in 1975 and what is proposed in House Bill No. 467.

House Bill No. 467 is a narrowly and carefully tailored tax aimed directly at the poorest of Montana's poor, those who can least afford to pay and who are most in need of assistance. That's why I say it is cruel. Think about it. Think about how little Montana stands to gain from the tax as opposed to how much the Crow Tribe and its members stand to lose. Shouldn't the State of Montana be doing everything it can to improve conditions on the Crow Indian Reservation instead of trying to enact and implement a tax which would

DATE 2-15-93

literally cripple the programs of the Crow Tribe and throw even more tribal members into despair and poverty?

Of course, one does not have to be a genius to figure out what is really going on here. I'm sure that those who came up with the idea of a two-tiered tax as embodied in House Bill No. 467 were not thinking about how it would affect the lives of the real people living on the Crow Indian Reservation. They are operating at a much more abstract level, like playing a game of chess. The State is faced with a claim by the Crow Tribe and the United States for more than \$200 million and its principal defenses have been rejected. Viewed in the context of the on-going litigation, House Bill No. 467 is nothing more or less than a bargaining chit, a way to try to force the Crow Tribe to its knees, to gain some leverage and hopefully avoid some of the consequences to the State arising out of its enactment of its illegal coal taxes in 1975.

Let me just say to those who think this way that they are making another terrible, terrible mistake. No one who knows anything about the Crow Tribe would believe even for a brief moment that this strategy could possibly succeed. The Crow have endured endless deprivation, pain and suffering since their first encounters with non-Indians. They would not even consider relinquishing or cutting back on their claims, which two courts have found to be entirely appropriate and legitimate, simply because the State of Montana is threatening to impose yet another hardship on the Tribe and its members. Indeed, I would venture to say and to predict that the introduction of House Bill No. 467 and its enactment

would have exactly the opposite effect. Rather than succumbing to this kind of pressure, in my opinion the Crow Tribe is much more likely to resist any efforts to arrive at a compromise, even those motivated by good faith, and much more determined to fight in court as long and as hard as necessary to insure that Montana and Big Horn County fully and completely reimburse the Tribe for every single penny of illegally obtained unjust enrichment.

Finally, let me assure you, this is a guarantee, not a prediction, that any attempt by the State of Montana to collect any portion of the coal taxes currently paid by Westmoreland to the Crow Tribe will be vigorously fought, tooth and nail with no holds barred, in every available forum. The legal theory underlying House Bill No. 467 is fatally flawed. The Crow Tribe is confident that it will succeed in preventing the implementation of House Bill No. 467.

House Bill No. 467 is based on an erroneous reading of the Supreme Court's 1989 decision in Cotton Petroleum Corp. v. New Mexico, 490 U.S. 163 (1989). It assumes that the decisions of the Ninth Circuit in the Crow coal cases, Crow I (Crow Tribe v. Montana, 650 F.2d 1104 (9th Cir. 1981), amended, 665 F.2d 1390 (9th Cir. 1982), cert. denied, 459 U.S. 916 (1982)) and Crow II (Crow Tribe v. Montana, 819 F.2d 895 (9th Cir. 1987), summarily affirmed, 484 U.S. 997 (1988)), are no longer good law and have been superseded by Cotton Petroleum.

I do not believe that this is the right time or place to engage in a legal argument concerning Cotton Petroleum, Crow I, Crow II and the more recent decisions of the Ninth Circuit in other Indian tax cases. I hope, however, that this committee and the Montana Legislature will not simply take the word of Montana's attorneys, whose track record in the Crow severance tax litigation is suspect, to say the least, that Montana will be able to implement House Bill No. 467. Rather, I hope that this Committee will retain an independent and respected attorney or retired judge to render a legal opinion regarding the validity of the proposed tax. Surely, considering the tragic and unfortunate history of this controversy, it is not asking too much for the Montana Legislature to look before it leaps into yet another snake-pit.

The decisions in Crow I and Crow II will govern the outcome of any disputes arising out of House Bill 467 for two distinct reasons. First of all, the Cotton Petroleum decision is limited to its unique facts, in particular to situations in which the state taxes at issue are found not to have any adverse impact on the affected tribe. Indeed, in two more recent post-Cotton Petroleum decisions, Gila River Indian Community v. Waddell, 967 F.2d 1404 (9th Cir. 1992), and Hoopa Valley Tribe v. Nevins, 881 F.2d 659 (9th Cir. 1989), cert. denied, ____ U.S. ___, 108 L.Ed. 2d 763 (1990), the Ninth Circuit distinguished Cotton Petroleum based on its unique facts and applied the standards of Crow I and Crow II. In the Hoopa case, the state taxes at issue were found to adversely affect the Tribe's interests and were held invalid. In Gila River, the lower court's decision in favor of the State was reversed and the case was sent back for a determination based on the standards of Crow I

EXHIBIT # 19 DATE 2-15-93

HB- 464

and <u>Crow II</u>. Since the Crow Tribe has already established that Montana's coal taxes have devastating adverse impacts on the Crow Tribe and it is evident that House Bill No. 467 would take away 40% of the revenues the Tribe has been collecting from Westmoreland since 1987, we have no doubt that Montana's effort to overcome or circumvent the decisions

in Crow I and Crow II also will be defeated.

Second, as between the Crow Tribe and the State of Montana, the law is established

by the decisions in Crow I and Crow II. Based on the principles of finality embodied in the

law of res judicata and collateral estoppel, Montana will not be allowed to relitigate the

legal or factual issues it litigated and lost in Crow I and Crow II.

In short, in addition to its many other deficiencies, House Bill No. 467 is the product

of wishful thinking, not sound legal analysis. Again, if this Committee is inclined to give

serious consideration to House Bill No. 467, I invite it to obtain its own independent legal

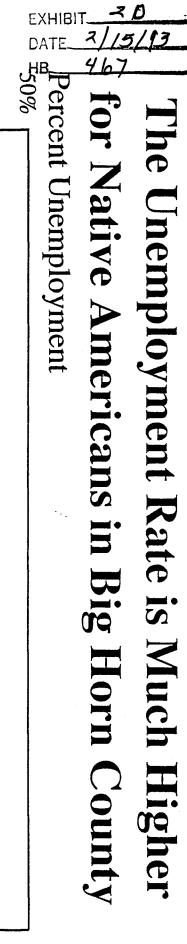
opinion on this issue of such vital importance to the Crow Tribe. Even more importantly,

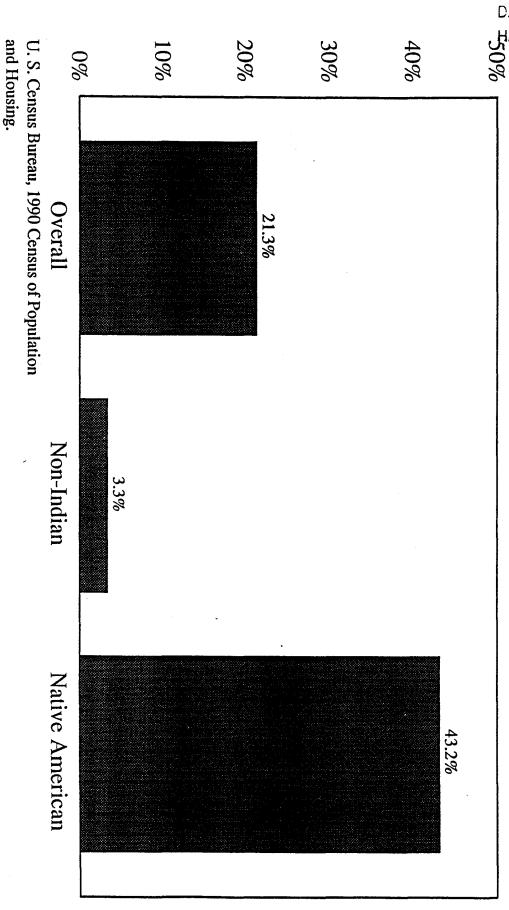
I ask you to put away the chess board and think about the real people who stand to be

affected by House Bill No. 467.

Thank you for allowing me this opportunity to testify and for your patience.

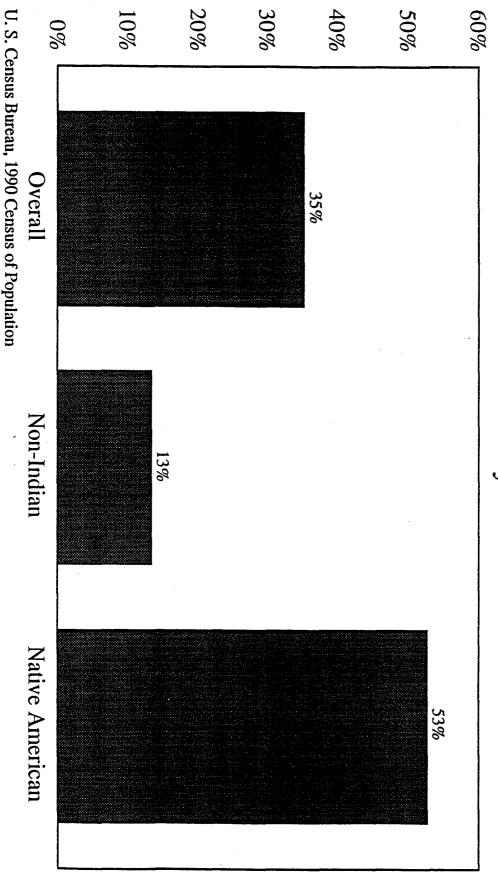
(-11-)





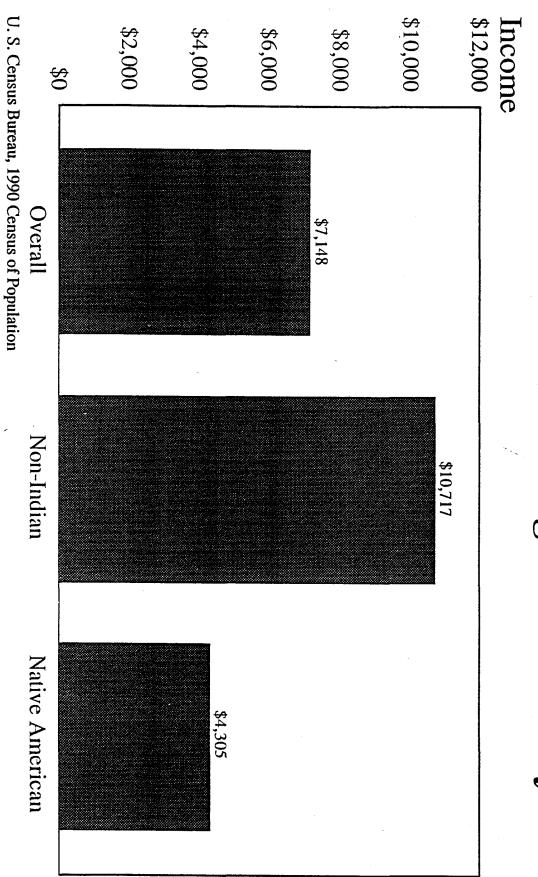
for Native Americans in Big Horn County The Poverty Rate is Much Higher

Percent of Individuals Under Poverty Level



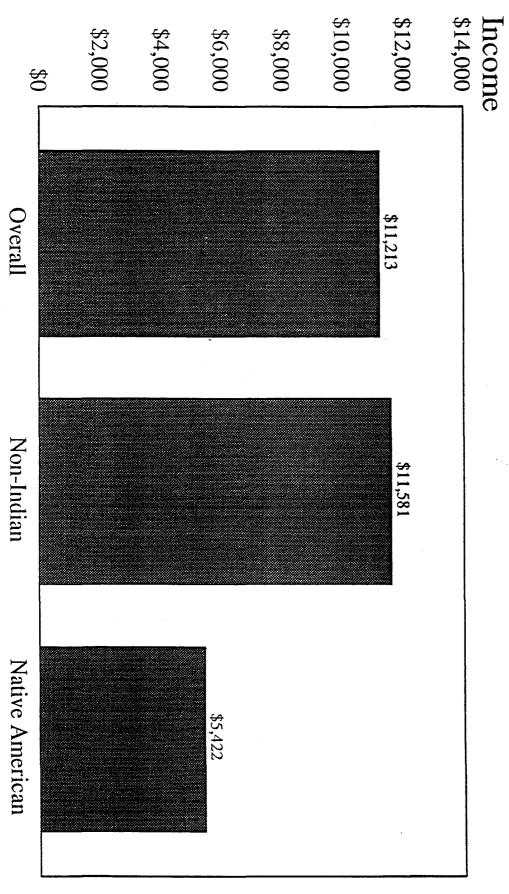
and Housing. Income figures are for 1989.

Annual Per Capita Income is Much Lower for Native Americans in Big Horn County



and Housing. Income figures are for 1989.

Annual Per Capita Income is Much Lower for Native Americans in the State of Montana



U. S. Census Bureau, 1990 Census of Population and Housing. Income figures are for 1989.

BRIEFING PAPER: Utilization of Crow Tribal Severance Tax Funds

Ada White
Assistant Administrative Off
Crow Tribal Administration
EXHIBIT 2)
- 110>
DATE 2/18/9
HR 467

Introduction:

In view of legislation pending before the Montana State House of Representations, House Bill 467, which proposes to "allow the State of Montana to collect 40 per cent of the gross proceeds tax and the State severance tax from coal mined on the State's Indian Reservations," the Crow Tribal Administration is disseminating information on how Crow Tribal Severance Tax funds are spent.

This provision of information does not negate nor diminish the Crow Tribe's vehement opposition to the proposed intent of House Bill 467. Rather, the data reflects the application of Severance Tax Funds to alleviate pressing needs of the Crow people.

Attention is directed to an article published in the Billings Gazette (2-8-93), titled, Montana's pockets of poverty. According to the 1990 Census, Big Horn County is identified as the 100th poorest County in the United States. In this same article, a Big Horn County Commissioner is quoted as saying: "around here, it's been the decline in coal production and the decline in the farming community, too. It's just a combination of everything that's coming home to roust in Big Horn County." Over 50 percent of the population of Big Horn County are Crow Indians.

Any attempt to erode or change the current taxation procedure negotiated by the Crow Tribe and Westmoreland Resources will further exacerbate human living conditions.

Authority Base

During the past three (3) years, stabilization of the Crow Tribal Government in providing services to its Tribal members has been achieved by funding its operational base from Severance tax monies. The enactment of Crow Tribal Council Resolution No. 90-34 on July 14, 1990 states in pertinent part, "AND WHEREAS, the Crow Tribe will now be receiving very substantial quarterly payments from Westmoreland Resources in the form of Severance tax payments which can be used for land purchases and the operation of the Tribal government."

Additional Considerations

A. It is significant to note that the Crow Tribe rents to Indian Health Service space for Dental Services. The annual rental fee is \$23,000. This fund is further augmented by other small sums obtained from tribal equipment/building rentals. This fund is used to assist Tribal members with burial related expenses, purchasing of eye glasses, etc.

	FY 90-91	FY 91-92	FY 92-93 ToDate
	\$ 53,840	\$39,903	\$ 7,585
Tribal Members Assisted Average Assistance Per Member	385 139	375 106	75 101

B. The Crow Tribal Administration is a major employer on the Crow Reservation. The current budget is approximately \$5 million for this fiscal year.

-Job Placement is innovative in that cooperative agreements are in effect with Indian Health Service, Bureau of Indian Affairs and private businesses in Billings for employees. One hundred twenty-five (125) position, paying \$5.00 per hour, provide in most cases, first time work experience and skill development for participants. Most of these individuals have a history of having received AFDC or General Assistance.

In line with this, the Bureau of Indian Affairs provided data which shows that:

- 1. March 1989, 699 General Assistance Cases, 1,621 persons assisted;
- 2. February 1993, 256 General Assistance Cases, 549 persons assisted.

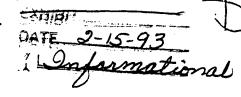
Summary

In conclusion, the State of Montana would be better served by the defeat of the proposed legislation (House Bill 467) for the following reasons:

- 1. The current Crow Tribal employees will be facing unemployment, and once unemployment compensation benefits are depleted, what is the alternative?
- 2. Those currently employed and eligible for AFDC/Welfare, will once again return to the County for assistance.
- 3. Education assistance, Social Service assistance, basic human needs will not be met.

State of Montana

Stan Stephens, Governor



Department of Revenue

Denis Adams, Director

Room 455, Sam W. Mitchell Building
Helena, Montana 59620

December 23, 1992

Representative Russell Fagg 221 Avenue E Billings, Montana 59101

RE: Proposed legislation to tax Indian Coal at 40% the Tax Rate on Non-Indian Coal

Dear Representative Fagg:

The proposed bill-taxes non-Indians who produce coal from Indian land at 40% the tax imposed on coal produced from non-Indian land. Montana's taxes on Indian owned coal were invalidated by the 9th Circuit Court of Appeals in Crow Tribe of Indians v. State of Montana, 819 F.2d 895 (1987). The U.S. Supreme Court summarily affirmed the last Ninth Circuit decision without stating its reasons. Montana v. Crow Tribe, 484 U.S. 997 (1988).

In 1989 the U.S. Supreme Court upheld New Mexico's 8% tax on the gross value of oil produced from Indian land by non-Indians in Cotton Petroleum Corp v. New Mexico, 490 U.S. 161 (1989). In that decision the U.S. Supreme Court said why it affirmed the 9th Circuit which invalidate Montana's taxes but did not invalidate a similar New Mexico tax. It found the New Mexico tax was not "an unusually large state tax" which "imposed a substantial burden on the Tribe." Id. at 186. Therefore, the New Mexico tax was valid. The U.S. Supreme Court continued by saying:

We therefor have no occasion to reexamine our summary affirmance of the Court of Appeals for the Ninth Circuit's conclusion that Montana's unique severance and gross proceeds taxes may not be imposed on coal mined on Crow tribal property. (Citation omitted) In that case, as the Ninth Circuit noted, the state taxes had a negative effect on the marketability of coal produced in Montana. (Citation omitted.) Moreover, as the Solicitor General stated in urging that we affirm the judgment of the Court of Appeals, the Montana taxes at issue were "extraordinarily high." (Citation omitted). According to the Crow Tribe's expert, the combined effective rate of the Montana taxes was 32.9 percent, "more than twice that of any other state's coal taxes." 819 F.2d, at 899, n. 2

Representative Fagg December 23, 1992 Page 2

Id. at 186-187, n. 17 Basically, the U.S. Supreme Court found Montana's taxes on non-Indian producers of Indian coal were invalid because they were "extraordinarily high." The federal courts did not say that Montana was absolutely prohibited from taxing non-Indian's who produced Indian coal.

Since the federal court decisions, the coal severance tax has been lowered from 30% to 15% of the contract sales price. The resource indemnity trust tax was lowered from 0.5% to 0.4% The coal gross proceeds tax was changed to 5% of the contract sales. The proposed legislation will further lower the severance tax and gross proceeds tax on coal produced from Indian lands by non-Indians to 40% of the tax rate applied to non-Indian coal. The resource indemnity trust tax will remain the same for Indian and non-Indian coal.

Under the proposed bill the total effective Montana tax rate from all three taxes on coal produced from Indian lands would be 5.9% of gross value - less than one fifth the tax rate the federal courts found were too high. The total proposed Montana tax rate is significantly less than the New Mexico tax rate approved by the U.S. Supreme Court in Cotton Petroleum. (See Fig. 1).

Coal produced from Indian lands in Montana competes with coal produced from non-Indian lands in Montana and Wyoming. The current total Montana effective tax rate under all production taxes on non-Indian coal is 14.6% of the total sales price. The current total Wyoming effective tax rate on coal is 10.5% of the total sales price. The proposed tax rate on Indian coal would be dramatically lower than that on competing coal. (See Fig. 2)

Therefore, this coal tax will not interfere with the economic development of coal on Indian lands; and the reasons the federal courts gave for invalidating Montana's taxes on Indian coal will no longer exist because the tax rates will be so very low. About \$1.5 [,] million in total taxes will be generated under this bill.

If you have any questions, please call me at 444-2852. Thank you for your consideration of this proposed legislation.

(Warfarel

1. 1.11

DAVID W. WOODGERD Chief Legal Counsel

/vh

Attachments (2)

The "effective tax rate" is the taxes paid divided by the total selling price. The "effective tax rate" is lower than the statutory tax rate because of the statutorily defined "contract sales price" is less than the total selling price.

Source - Rich Marble, Director Mineral Tax Division, Wyoming Department of Revenue

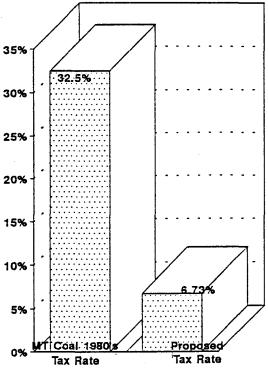


Figure 1.

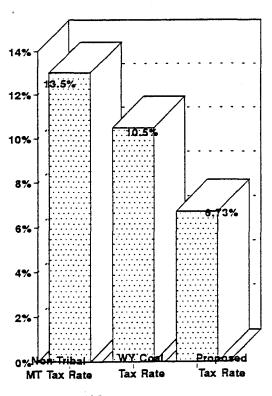


Figure 2.

DATE 2-15-93_ Informational

CROW TRIBAL COAL ESTIMATED TAX IMPACT - PER LC 534

ASSUMPTIONS

- 1. COAL SEVERANCE TAX RATE = 6%
- 2. GROSS PROCEEDS TAX RATE = 2%
- 3. ALL ROYALTY IS EXEMPT TRIBAL @ 6%
- 4. CONTRACT SALES PRICE OF \$7.829/TON

TONS I	########################### PRODUCED INE PRICE	################### 3,000,000 \$29,024,648
LESS:	FEDERAL RECLAMATION BLACK LUNG EXCISE TAX RITT GROSS PROCEEDS SEVERANCE EXEMPT ROYALTIES	\$1,050,000 \$1,223,261 \$93,948 \$469,740 \$1,409,220 \$1,291,479
CONTRA	ACT SALES PRICE -	\$23,487,000
	ANCE TAX DUE PROCEEDS TAX DUE	\$1,409,220 \$469,740
TOTAL	ESTIMATED TAX DUE	\$1,878,960

HOUSE OF REPRESENTATIVES VISITOR'S REGISTER

HB 333 HB 467 SB 168

404	SE TAXATIO	N COMMITTEE	BILL NO.
DATE	2/15/93	SPONSOR (S) OOBO FA	GG , BECK

PLEASE PRINT

PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Karen Erdie	Hren II Racing on Hang	X	
Jedo Agres	BASE II COM ON OBOTE		
Erne K. Prather	area II agreey or oliging		
Branda 1050011	Acros Grander of	X	
Janet Robinson			
B:11 01501	MT Cool Nove the 206.	X	
Doug Blakley	Office on Aging		
J'm Mockler	MT Coal Care		178 467
JOE PRe=le/	Westmareigne designance		HB 467
FRE MOREON	Sezz		SB
Bob Gilbert	MT Woolname	95 168	
forder mores		5668	
& JENSEN	CROW TRIBS		\times
Ada White	Can tibe		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

Thouse Latation	COMMITTEE BILL N	o	
PLEASE PRINT P		EASE P	RINT
NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Elinbeth luce	Contrike		X
Susam ARNOSON			X
Ron arnosoN	crow tribe		and the second
Cladys letel	Crow Tribe		X
Party. M.	and have - nah	* 1	
Dennis BURIZ	MT TRX PRUJERS	573	
Charagles are	Come Frils		
Ellier Henne.	C. 7. 1/2		
Robert Chine	Cray Tribal		×
David Parm Latin	È 17 ²		X
Jim Podersom	ms6A	SB 168	
Hathleen, Treury	FOR HECKIBOINE - Cardinal	a Chau	\times
LACIRENCE KENNELL	White Subject to the Selber	7000	/
	NE#\$7		

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

HOUSE OF REPRESENTATIVES VISITOR'S REGISTER

-		COMMITTEE	BILL NO	•	
DATESPON	sor(s)				
PLEASE PRINT	P	LEASE PRINT	PLE	EASE P	RINT
NAME AND ADDRESS		REPRESENTING		SUPPORT	OPPOSE
Sid Al		HD 19-Rays		SB/68	
Lorna Trank		M. Tarm Bur	law	58.168	
A. Danes	-	Cros Nation			467
1 Brown		mara,		58 10 g	,
Bullan		May Try	10		447
		<i></i>			(
N. C.					
			·		
	·				
·	·				

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