

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN CHASE HIBBARD**, on April 4, 1995, at
8:00 A.M.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Marian W. Hanson, Vice Chairman (Majority) (R)
Rep. Robert R. "Bob" Ream, Vice Chairman (Minority) (D)
Rep. Peggy Arnott (R)
Rep. John C. Bohlinger (R)
Rep. Jim Elliott (D)
Rep. Daniel C. Fuchs (R)
Rep. Hal Harper (D)
Rep. Rick Jore (R)
Rep. Judy Murdock (R)
Rep. Thomas E. Nelson (R)
Rep. Scott J. Orr (R)
Rep. Bob Raney (D)
Rep. John "Sam" Rose (R)
Rep. William M. "Bill" Ryan (D)
Rep. Roger Somerville (R)
Rep. Robert R. Story, Jr. (R)
Rep. Emily Swanson (D)
Rep. Jack Wells (R)
Rep. Kenneth Wennemar (D)

Members Excused: None

Members Absent: None

Staff Present: Lee Heiman, Legislative Council
Donna Grace, Committee Secretary

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

Committee Business Summary:

Hearing: SB 39
SB 417
SB 421
SB 424

Executive Action: None

{Tape: 1; Side: A.}

HEARING ON SB 39

Opening Statement by Sponsor:

SEN. MIKE HALLIGAN, Senate District 34, Missoula, said the bill was derived from the Davis U. S. Supreme Court decision in which the Court dealt with the issue of whether states could tax federal retirees if it was not taxing its own state retirees. A settlement was reached with 5,600 individuals who filed timely claims. This bill deals with the other retirees who had taxes withheld illegally and did not timely file. He said the state might not have a legal obligation because the statute of limitations had been reached but there was an ethical obligation because there was a question of whether the Department of Revenue (DOR) confused people about whether they could file or not. The bill allows for a credit to be given over a four-year period so that an individual could recover any illegal taxes paid. If there was a death, the estate could recover all illegal taxes collected. About 3,000 individuals would be subject to the bill. The pamphlet put out by the DOR confused people. In 1989, it said "you may file an amended return" and most of them did. In 1990 the language changed and said "District Judge Sherlock sustained the Department's position of denying refund claims ... relating to 1988 and earlier and an appeal to the Supreme Court has been filed. There will be no refunds on this issue until the Department has a final decision." People read that and assumed they couldn't file amended returns. The booklets for the years after that said the same thing. In 1993, when the decision was rendered, people were told to go ahead and file and by that time the statute of limitations had run out. The fiscal note is approximately \$1.9 million per year. The Senate placed a contingent voidness provision on the bill. **REP. HALLIGAN** said taxes that were illegally collected and should be paid prior to setting the current budget.

Proponents' Testimony:

Ed Sheehy, Helena, said he was the attorney representing those who took action to obtain refunds of illegally collected taxes following the ruling of the U.S. Supreme Court. He said all illegally collected taxes should be returned and, if the Legislature fails to do that, there is the possibility of further litigation based on the confusing information offered by the DOR. He urged the Committee to support SB 39.

Dick Hoy, federal retiree, said he would personally be affected by the legislation. He said similar legislation had been proposed during the 1993 special session and when the Legislature ran out of time and money, and there was competition with property tax relief, their cause was doomed. He said the Governor had said there was a healthy surplus in the budget for the current year and the request for tax credit should not be

ignored. He said the overwhelming support of SB 39 by the Senate was encouraging and he asked for strong bi-partisan support of the bill so that it would be signed by the Governor.

Herman Wittman, State President, National Association of Retired Federal Employees, rose in support of the bill. He said there had been much confusion regarding whether retirees should file claims for refunds. His organization made an effort to advise all members to file, however, many reported they were given different information and because of the "mixed signals" they did not file. Some received information from their accountants and others received information from the DOR that it would be useless to file. At the hearing, when the DOR negotiated with representatives of the federal and military retirees, those present were made to understand that they could only negotiate with those who had filed timely claims, thus, those retirees who did not file timely were excluded from the settlement. He said he hoped the Committee would consider the unfortunate circumstance that caused that group of retirees to be left out of the settlement and consider the tax credit because it would be fair and just.

Dennis Burr, Montana Taxpayers Association, said that testimony indicates that there were 5,000 retirees who filed timely claims and 3,000 who did not. He pointed out that these people worked for the government all their life and they trust government to do the right thing. These people expected things to get "sorted out" and, as a result, they were left out of the lawsuit because the statute of limitations had expired. The bill is fair and would keep faith with the people who trusted the government.

Tom Harrison, Montana CPA Association, pointed out that the words "illegally collected" is a phrase that comes easily and is applicable to a lot of taxes that are erroneously paid. However, this particular tax was collected unconstitutionally. The question is whether it will be the choice of the Legislature to return unconstitutionally collected tax. Other unconstitutional actions have been set aside in a hurry. He said the message that would go out would be that because of legal hurdles that were placed in the way, the state would benefit from the unconstitutional collection of taxes. He said he hoped that would not be the message and he asked the Committee to support the bill.

Opponents' Testimony:

Mick Robinson, Director, DOR, distributed copies of a "Recap of Federal Retiree Lawsuit and Refund Process," together with copies of news releases and other information pertinent to the federal retiree lawsuit. EXHIBIT 1. He said the issue was addressed in the 1993 special session and the DOR was directed to enter into settlement discussions which they did. They contacted retiree groups and set up meetings. One of the reasons the DOR opposes this legislation is based on the settlement discussions.

The first question that was addressed was how to include the federal retirees that did not file a timely return. The representatives of the retiree groups said they did not need to consider the retirees that did not timely file because they had their opportunity and did not take advantage of it. The five-year limitation is a very important consideration in tax law. **Mr. Robinson** referred to the press releases that had been issued by the Department which stated, "Taxpayers with federal pension income in 1983 should act now to preserve their right to a possible refund. The last day for filing a claim for refund for the 1983 tax year is Saturday, April 15, 1989. Claims for 1984 and later years are not due until April 15, 1990 at the earliest. Please file all claims on a Montana Amended Form 2X." This message was consistently issued by the Department through press releases. **Mr. Robinson** said he would agree that confusing advice had been issued, although not by the DOR. He said he had asked individuals to give him copies of any confusing information the Department had issued and he had received none. The misinformation came from the organizations representing retirees or CPA's. The removal of the five-year statute of limitations in this particular situation would make it easier to remove in future activities also. In the settlement discussion, Mr. Sheehy and Mr. Wittman testified as proponents regarding those who had not timely filed and, with the exception of one representative of the federal retiree groups, there was no attempt to include those who had not timely filed. If there had been any indication, the settlement would have been quite different from what was agreed upon. The DOR and the Governor were acting on the understanding of all members of the discussion that it would be a final settlement, including all issues regarding the federal retiree situation. For the reasons given, the Department opposes the legislation.

{Tape: 1; Side: B.}

Questions From Committee Members and Responses:

REP. HARPER said he saw a letter sent to a federal employees advising that he could file an amended return for one year and he later found that, because he had not filed for the other years he was ineligible. He said he had read it carefully and it seemed to him that the Department's message was "this is the only year we screwed up on" a tax form for one year was included. He asked if the Department was aware of such a letter. **Mr. Robinson** said there were a number of situations that were taking place with federal retirees at that particular time in determining how individuals would file their returns. Many CPAs and individuals who, in 1989 after the Davis decision, filed amended returns for all of the years 1983 through 1988. Others were filing on a year-to-year basis. He said he did not know which letter was being referred to. In the fall of 1993, a letter was sent out regarding 1988 and that might have been the letter. That year stood alone because of the type of information that was given out. That tax return had not been filed by taxpayers at the time

of the Davis decision so the information given to those individuals was "go ahead and file a return for that particular year, include retirement income, etc., and when this is settled, file an amended return."

REP. HARPER asked if Mr. Robinson would agree that receiving a letter from the Department with a form for one year would indicate that the individual should only file for one year. He said that was the message he received from reading the letter. **Mr. Robinson** said that if the letter he was referring to was the letter that was mailed in the fall of 1993, the only reason there was one tax return was because it was the only year where the statute of limitations had not expired and the letter clearly indicated that.

REP. ELLIOTT quoted from the statement on the 1991 tax form which said, "Until the Department has the benefit of these Court decisions, no refunds for these earlier years will be issued." He asked if that statement would encourage anyone to file an amended return for tax years 1985 and up. **Mr. Robinson** said it would because it would protect the right to receive a refund. He said retirees were aware of the situation. **REP. ELLIOTT** said, however, if the individual for some reason was not aware of the 1989 communication, he did not think the language would encourage the average person to file an amended return. **Mr. Robinson** said he supposed the argument could be made. He said the Department probably could have done a better job of providing information. In addition, there were numerous newspaper articles. **REP. ELLIOTT** asked if there were press releases in 1991. **Mr. Robinson** said there were not.

CHAIRMAN HIBBARD said the sponsor had referred to confusing information in his opening statement and presented examples from 1989 and 1990 and Rep. Elliott had presented an example from 1991. Mr. Robinson subsequently testified that he feels the Department was fairly consistent in what they told people in terms of filing. He asked the sponsor to expand on his interpretation of what may have been confusing or ambiguous. **SEN. HALLIGAN** said that when a number of CPAs misread the actual tax booklet and misinterpreted the information from the Department, it would make a good argument that there was confusion on the part of the taxpayers. The confusing information was included in the tax booklet for four years and people did not file. The news releases appeared in only four or five of the larger urban newspapers. There were major gaps in news coverage. He said it would not be an issue if there were isolated cases of individuals who did not file, but there is agreement between the CPAs in the state that there was confusing information in the tax booklet and led people to the conclusion that they should not file until the court had made its decision.

REP. ARNOTT asked how much money had been spent in an effort to inform people of the need to file an amended tax return. **Mr. Robinson** said the first attempt was through a press release

indicating the need to file an amended return for which there was no cost. They did not buy advertising space in newspapers. He had no account of time and other resources used in meetings with CPAs or other training costs. **REP. ARNOTT** said the fiscal note includes \$11,000 for postage and mailing information to potential applicants. She asked if that would "finally put this issue to rest." If this amount is to be spent on 3,000 people, she asked why more of an effort was not made initially. **Mr. Robinson** said it would be difficult to separate the federal retirees in their files from all others. Once they receive an amended return from a federal retiree, they are placed on a mailing list and there were a significant number of mailings that did go out.

REP. ROSE asked when the cut-off date would be. **SEN. HALLIGAN** said it would be four years from the coming tax year. **REP. ROSE** asked what would happen if all the retirees did not file an amended tax return. **SEN. HALLIGAN** replied that SB 39 would provide an opportunity for filing and contains a specific statement that says it is a "window of opportunity" that would be closed after a specific date.

Closing by Sponsor:

SEN. HALLIGAN said the federal retiree organizations had tried to get information to retirees, but if an individual did not belong to an organization, and did not see the press releases, they probably would not have heard about the need to file a return. The decision was made on April 10 and tax returns were due on April 15 and many people did not see the press releases. The problem was reasonable notice to citizens whose taxes were unconstitutionally collected. The state's obligation would be rectified by SB 39. He said he would like to see the contingent voidness provision removed from the bill and he would be willing to work with the Committee if it had other ideas for taking care of the situation.

{Tape: 2; Side: A.}

HEARING ON HB 417

Opening Statement by Sponsor:

SEN. THOMAS F. KEATING, Senate District 5, Billings, said that HB 417 provides for a property tax deduction for business property to be phased in over a period of three years. The property involved is all Class 8 property, business equipment and machinery. EXHIBIT 2 is a listing of the market and taxable values for all property and the estimated taxes levied for Tax Year 1994. He referred to the list of Class 8 property and noted that the tax rate was 9%. EXHIBIT 3 shows the growth of Class 8 property tax from 1990 to 1994 by county and by city. He said there were winners and losers but the average annual growth was 3.6%. He said that figure would be the reference point when dealing with the formula.

Overall, there is approximately \$80 million worth of Class 8 personal property. Furniture and fixtures, manufacturing machinery and other machinery, and ag implement are the largest categories and they all deal with business -- manufacturing, fabricating, furniture and fixtures are in retail businesses and offices throughout the state. Examples would be checkout counters, freezers, everything throughout a store that holds the food and fixtures and would be subject to 9% tax. Obviously that tax is passed through to the consumer in the price of groceries. When the Legislature gives a tax break, they do not necessarily give the break to a business to be set aside as profit. They have some options to do something with that tax reduction -- bring down the price of the goods in order to sell more, give the consumer a better price to be more competitive in the market or they can add salary to the payroll or put it towards their profitability. He said the tax rate would be reduced from 9% to 8% beginning January 1, 1997; from 8% to 7% in 1998; and to 6% in 1999. The formula would be based on the 96 mills so property tax relief for 1997 would be the difference between the 1996 tax and the 1997 tax based on 96 mills. **SEN. KEATING** then explained how the reimbursement formula for counties would work.

SEN. KEATING explained that the bill provides for an advisory committee to be appointed to study property tax structure for the next two years, the goal being to develop ideas or recommendations for real property tax reform for consideration by subsequent legislative sessions.

SEN. KEATING advised that amendments were added on the Senate floor dealing with bonding limits. As property tax rates go down, the amount of property tax for collateral would be increased in order to protect the ability of the taxing jurisdiction to obtain bonds. Tax increment districts are protected with special language in the bill.

The sponsor asked the Committee to consider that for tax year 93-94 on Class 8 property, the increase in taxable valuation was sufficient to offset a 1% rate reduction. If the tax rate would have been dropped from 9% to 8%, the growth in property between 93 and 94 was sufficient to equalize the reduction in rates. There would have been a slight loss to taxing jurisdictions. The purpose of the bill is to stimulate growth. If that happens, the reduction of the personal property tax rate would stimulate investment and growth, and real property would also grow. More jobs would mean people have to have places to live. **SEN. KEATING** said he had heard that the reason there weren't more jobs in industry was that property tax on equipment was a disincentive to investment. If the personal property taxes are lowered, there should be more equipment, more jobs, and more productivity. He commented that "if you want more of something you subsidize it and if you want less, you tax it." If the tax is reduced and investments are made, it will mean more jobs. If there are more jobs, there will be more income tax revenue for the state. If productivity can be increased through this measure, it will

increase the tax base, increase revenue, stimulate commerce and, "if the textbook is right" it should benefit the state. He encouraged the Committee to give SB 417 due consideration.

Proponents' Testimony:

Mick Robinson, Director, DOR, testified in support of the bill on behalf of Governor Racicot. He said everyone was familiar with the 9% personal property tax in Montana and recognize that is high, compared with surrounding states. It is a disincentive for buying a new piece of equipment and it is a major factor in determining where a company will locate.

Dennis Burr, Montana Taxpayers Association, spoke in favor of the bill. It is an economic development measure and there is also an element of fairness to the bill. He said it should be reduced to make it comparative to the rate for residences and improvements. He did not agree totally that it was an economic development bill because, even after the tax is fully implemented at 6%, the tax would still be higher than the rate in surrounding states. It would make it easier for the people in Montana to update their equipment but he was not sure that it would convince anyone to bring their property to Montana. He said he felt strongly that the effective date should be moved up into the current biennium to make it effective during the time this Legislature is in control. He said he also had some concern about the reduction in reimbursement to local governments. He said the reduction of revenue to local governments is significant, but considering that the property tax base is growing, it will not devastate local governments. He strongly encouraged the Committee to support the bill.

David Owen, Montana Chamber of Commerce, said there is a need to start Montana moving toward a different tax structure and he urged the Committee to move the effective date to 1996.

{Tape: 2; Side: B.}

Mike Mathew, Yellowstone County, said he would support the bill even though it would have a big impact on Yellowstone County and he was not satisfied with the reimbursement formula. It will have serious concerns for local governments; however, the tax rate must be lowered.

SEN. LARRY TVEIT, Senate District 50, Fairview, rose in support of SB 417 and said he would prefer to see the effective date moved forward. He said he had made an attempt to repeal the tax, but the price tag would have been \$87 million. He did think it would be possible to find \$11 million in 1996. The personal property tax rate is significantly higher than in surrounding states and has been identified as a major impediment to operating a business in Montana. In the long run, the loss of tax revenue would be offset by business expansion, businesses remaining in the state, and new businesses locating in Montana. He said the

recommendations of the Governor's Task Force were to educate the public that the tax is a business equipment tax and not a tax on personal property and to work for passage of tax elimination or reduction in the 1995 session of the Legislature. The bill would be great for business in Montana.

Ernie Dutton, Montana Association of Realtors, spoke in support of the bill because it would encourage economic development. He also pointed out that evasion of personal property tax is higher than on any other tax and if the tax were more reasonable, there would be more compliance.

Steve Turkiewicz, Montana Auto Dealers Association, said that in today's competitive environment, state of the art equipment and tools are an absolute necessity, not a luxury. Whether a dealership is large or small, they all need the same equipment. Therefore, he asked the Committee to concur in the bill and support moving the effective date to the present biennium.

Don Allen, Montana Wood Products Association, testified in support of SB 417. He said that in order to survive with the limited supply of timber to be taken from federal lands, it is necessary to refurbish and replace equipment in facilities throughout the state. The equipment is expensive and it is needed in the small mills as well as the large mills because they must expand in order to survive. He said the bill is badly needed.

Lorna Frank, Montana Farm Bureau, said she would like to see the elimination of taxes on farm machinery and equipment but that would not be likely to happen; therefore, they support the reduction. A decrease of 1% per year is not much but it would be a beginning and would allow people to increase production. She would also support the amendment to move the effective date up.

Bob Stephens, Montana Grain Growers Association, spoke in support of the bill and the amendment to move the effective date up.

Jennifer Hill, Montana Stockgrowers and Montana Woolgrowers Associations, stated that both organizations support SB 417.

John Augustine, Conoco, Inc., spoke in support of the bill. He said that during the past six years Conoco has spent \$300 million for pollution control equipment. Every time they are forced to make changes because of state or federal regulations, it takes a lot of money.

Rex Manuel, Cenex, pointed out that this excessive tax is maintained by inflation and high market value and it doesn't take too many years to pay out the purchase price. He urged the Committee to pass SB 417.

Opponents' Testimony:

Don Waldron, Rural Education Association, admitted that the bill was well thought out, well written and understandable. However, he pointed out some concerns. He said the "growth pattern" mentioned by the sponsor is what the small schools survive on. The schools must have growth in order to pay the increases in utility bills, salaries, and other costs. He said he realized that if the tax is reduced there would be a chance for greater growth. There were cuts of \$19 million in 1993 and the school districts have not received that back yet and now the legislation says the state will reimburse the schools \$66 million over the next three years which would go a long way toward giving back what was promised to the schools. He encouraged the Committee to consider the balance. He said he had trouble understanding the reimbursement formula as outlined in the bill.

Eric Feaver, Montana Federation of Teachers and Montana Education Association, rose in opposition to SB 417. He said he would concur that the personal property tax in the state is punitive and maybe it should be reduced, maybe it is necessary for job growth, maybe it is difficult to assess and administer, and maybe if it is reduced there will be more jobs and maybe more tax will be collected -- and maybe not. It is a "black hole" bill and will put a hole in Montana's tax base because that is what happened in 1981 when half the tax base was lost. It may mean an inevitable shift of tax burden from personal property to residential property taxpayers which will aggravate the anti-property tax fervor in the state. It could lead to more initiatives and petitions to attack the property tax base. It may endanger a fair and adequate property tax base for schools, cities and counties. He urged the Committee to consider that the "maybe's" might not be positive.

Dean Harmon, Roosevelt County, said he was a farmer and was impressed when he read that all agricultural equipment would get a tax break. However, he recognized that 60% of the taxes he pays go to the local schools and he accepts that responsibility; therefore, he opposes the bill. **Mr. Harmon** also presented written testimony from Phillips County expressing opposition to the bill. EXHIBIT 4.

Don Judge, Montana AFL-CIO, said the bill sounded like the old "trickle down days," provide enough money to those at the top and there will be jobs for those at the bottom. He said this had been tried with the coal tax a few years ago and no jobs were created as a result. What that did happen was it shifted the tax burden away from the coal corporations and over to the homeowners in the State of Montana. The tax was reduced from 16% to 9% and no new jobs were created. Business personal property taxes have a habit of becoming depreciated while homes are appreciating in value. When the value of a house goes up, the taxes do not go down because of depreciation. In addition, homeowners do not receive any income from their homes and the purpose of business

equipment is to produce income. He said there is a difference -- personal property taxes and residential taxes are not the same. He said the bill would encourage another push for a sales tax a few years down the road. He said the bill was not a good piece of legislation because it does not take care of or recognize the needs of local governments to provide adequate services to the citizens they serve. He said something should be done about personal property tax but this bill was not the answer.

Larry Fasbender, Cascade County Coalition, stated that he could sympathize with the people supporting SB 417 because there is a need to do something about personal property tax. He said his problem with the bill was the reimbursement formula. The bill would create a problem down the road because there is no way to determine how the overall effect of taxable valuation will impact on cities, counties and schools. Different counties would be impacted differently and that would be a major flaw in the legislation. Growth would not take place evenly across the state and some local governments would have major impacts. He also noted that a tax shift would eventually have to occur. He suggested that the Committee find some way to correct the problems in the bill before it is passed.

{Tape: 3; Side: A.}

Michael Keating, Montana School Boards Association, said he would not argue that the business equipment tax in Montana is too high. He disagreed with the sponsor's statement that the economic stimulus provided by enactment of SB 417 would make up for the losses in tax revenue. This means there would be an eventual significant loss of revenue to local governments and schools which would be shifted to homeowners. He asked the Committee to "do not concur" in the bill.

Gordon Morris, Director, Montana Association of Counties, said he had data to support the fact that a growth rate of 3.5% would not keep pace. He said MACO does believe in tax reform but the bill is not tax reform -- it is a tax advantage that would be paid for by someone else. **Mr. Morris** provided an analysis of the reimbursement formula which he had generated from his own personal data. EXHIBIT 5. He said the total price of the bill over the next ten years would be \$331.9 million which future sessions of the Legislature would have to deal with. He urged the Committee to do not pass SB 417.

Alec Hansen, Montana League of Cities and Towns, recalled promises made by Legislatures in the past which promised reimbursement to local governments that was never received because of a lack of revenue. He said he could see the same thing happening with SB 417. He said the economy in Montana is "as wild as the weather" and there are no guarantees that there will be money to reimburse the cities, counties and schools for the cost of the bill.

Jim Kembel, City of Billings, spoke in opposition to the bill on behalf of **Mark Watson, Billings City Administrator**. If SB 417 is passed, it would have a major negative financial impact on the City of Billings. A copy of a letter from Mr. Watson is included with these minutes. EXHIBIT 6.

Kathy Bessette, Hill County Commissioner, said the counties are promised reimbursement but, if the money is not appropriated, they will never see it. She asked the Committee to vote against SB 417.

Informational Testimony:

Ken Morrison said he was neither an opponent nor a proponent of SB 417 because there were excellent arguments on both sides that were well-founded. He said that as he looked at the classification system, he wondered whether fairness ever applied because there are always higher rates and lower rates. He said that situation invites "tinkering" and in this piece of legislation the Committee is being asked to tinker with the classification system. He encouraged the Committee to look at all classes and not just examine this one situation. For example, he said Class 9 property is taxed at 12% and it contains a great deal of personal property and there is no discussion of lowering that rate. He suggested that the Committee look at the entire system and develop a long-term plan for making it fair. Choosing only one area would cause problems for future Legislatures.

Questions From Committee Members and Responses:

REP. ELLIOTT asked if utility personal property would be reduced by the bill. **Mary Whittinghill, DOR Property Assessment Division**, said it would not, because utilities and railroads are in a separate class which is an average of all commercial and industrial property. **REP. ELLIOTT** asked what the utility companies would do if everyone else got a tax break. **Ms. Whittinghill** said she couldn't comment on that. **REP. ELLIOTT** asked if it was a possibility that they could sue to get their rates lowered. **Ms. Whittinghill** said there would be that possibility.

REP. ELLIOTT asked if the last five years had been economically extraordinary times in the state. **Larry Finch, Economist, DOR**, said he would agree that the last three years had been good in Montana. During the last year there was a growth rate of 8% in personal property tax valuation. The average over the past five years was 3.5%. **REP. ELLIOTT** asked what the growth rate was in 1986. **Mr. Finch** replied that it was a negative 9%. **REP. ELLIOTT** pointed out that the growth rate of personal property over the past ten years was 1.2% compared with 3.5% over the past five years.

REP. REAM asked what the tax rates were prior to 1974. **Mr. Burr** explained how rates were set under the old Board of Equalization system when there were only four or five classes and the Board had statutory authority to make changes. Residential property and personal property were in the same class but mill levies were much lower. **REP. REAM** asked if it would be wise to go back to the system that was in place in 1974, where commercial property and business equipment were all at the same rate. **Mr. Burr** said it would be a possibility but many people who have business equipment do not have commercial property.

REP. WELLS inquired about the reference that had been made to evasion of this tax. **Mr. Robinson** said he could not estimate how much tax was not paid because of evasion. He said the Department was trying to work in the direction of auditing but, if the tax rate is lowered to where it was not considered punitive, there would be less evasion.

REP. WELLS said the proponents had addressed the incentive for investing in business equipment. He asked if taxes were reduced whether the wood industry would use the incentive to invest in new equipment, expand business and create jobs. **Mr. Allen** replied that it would enable the wood industry to keep the jobs they presently have. He noted the closure of three large mills in recent months while others have had to cut back shifts. It would allow companies to stay in business.

{Tape: 3; Side: B.}

Mr. Allen said he did not know if it would increase the number of jobs in the wood industry but it would make it possible for the companies to re-tool because those who cannot do that would be out of business. If an adjustment can be made in the "bottom line," the small operators in particular could remain in business.

REP. SWANSON asked for help in understanding the reimbursement formula. **Mr. Fasbender** said that local governments would be reimbursed for the losses they experience the first year the legislation goes into effect. Any growth that takes place would not be reimbursed during the ten-year phase-out program. **REP. SWANSON** asked what would happen if there was a decline in the assessed value. **Mr. Fasbender** said the counties would not be reimbursed for any loss of property that went off the tax rolls. They wouldn't be reimbursed under the existing law either. **REP. SWANSON** said there seemed to be an assumption that jurisdictions that have growth would be able to handle the decline in tax revenues eventually but for the jurisdictions that were declining in growth it would be "too bad." **Mr. Fasbender** said that was why he had pointed out that the bill would have a different effect in different counties.

REP. SWANSON asked what sort of product the sponsor could see coming out of the advisory committee and why there was no

reference in the fiscal note to the committee or appropriation in the bill to cover expenses. **SEN. KEATING** said he expected the committee to study the current property tax structure and its impact on the state, counties and communities and make recommendations for improvements to the tax structure because it has been criticized quite heavily. He said he had no answers to the questions about funding. **Mr. Robinson** said the composition of the committee would be representatives of local governments and, with the exception of two general public members, would be reimbursed for their time by the government they represent. The DOR felt the agency could pick up the expenses for the members from the general public so an appropriation would not be necessary. **REP. SWANSON** asked if it was expected that the Legislative Council could cover their costs without an additional appropriation. **Mr. Robinson** said legislative members serving on committees are reimbursed through the legislative budget and staffing would not be an additional expense.

REP. BOHLINGER asked Mr. Burr to comment on the economic development issue that there should be job growth. **Mr. Burr** said economic growth would be marginal because the reduction of 1% would not place Montana in a competitive position with surrounding states. He said there might be some turnover of older equipment. **Mr. Burr** commented that whether it promotes economic growth or not, reduction of the tax was still the proper thing to do.

REP. ELLIOTT stated that it was possible that this might work and possible that it might not work because the economy might get better without lowering the personal property tax. Figures from the Legislative Fiscal Analyst's office, projected to the year 2010, if there is no growth, will be over a half a billion dollars. Looking at the worst case, he asked what would happen if there was no growth. **SEN. KEATING** replied that in the mid-80's there was a \$100 million shortfall which required a special session and the oil and gas industry was blamed because their revenues declined by \$10 million but, as they looked at the income tax revenues, there was a shortfall of \$35 million from income tax which indicated that a lot of jobs and industry had been lost. A study of property tax indicated a decline in property values at the same time. He said his opinion was that there had been a decline in the state of one-half of one percent overall. Yet, the state survived. There were cutbacks and money was cut from where it was not needed and the economy began to improve. He surmised that the state would still be surviving in 2010 as well.

REP. ELLIOTT said he was more concerned about the cities, towns and school districts. He asked if there was any guarantee that could be made to assure that they would be made whole. **SEN. KEATING** said he could not guarantee it. The purpose of taxes is to provide the services the taxpayer wants and that is what the local governments are talking about when they say they don't have the money, yet the money comes from the taxpayers who want those

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services. To say that changing the tax structure is taking money away from a city or town is in error. **SEN. KEATING** emphasized that the rate of personal property tax on business equipment has a tremendous impact on where the property will be located. He provided a list of examples of businesses and industry leaving the state because of the tax imposed in Montana.

REP. ELLIOTT asked if the sponsor would agree that not all counties will gain from the reduction of personal property tax.

SEN. KEATING said he could not say that all counties would benefit.

Closing by Sponsor:

SEN. KEATING said the bill is far-reaching because it impacts everybody, everywhere, and would be hard to assimilate into a simple package that says "Boy, this is a good deal." It is a risky thing because there are no guarantees in the formula. He pointed out some things the Committee might want to consider in the overall proposal.

{Tape: 4; Side: A.}

SEN. KEATING said, "We are talking about \$80 million of total tax revenues and we are talking about reducing the rate of tax from 9% to 8%, which is 1% so we are dealing with is a reduction of less than 2% of the total property tax. The \$11 million per year is roughly 1.5% of the total tax revenue. So we aren't talking about an awful lot of money, not a big impact on anyone." The question had been asked whether the counties would lose all their growth and the answer was that they would not. The reimbursement is based on Class 8 property and that is the only place that growth would be flat. If there is an increase in residential or other real property, that growth in tax base and revenues would not be affected. The bill deals with less than 2% of the total property tax base. When property taxes were at 12% on the Columbia Falls Aluminum plant, he said he had a tax reform bill that would have eliminated personal property tax. He recalled that Columbia Falls asked for a reduction in their personal property tax so they could stay in business. They were put into a different class that went from 12% to 3%, a 75% reduction in personal property tax, and they were able to stay in business in Montana. Adjustments in personal property tax do have an effect on business. He said the W. R. Grace Company moved out of state because of property taxes, with a loss of two or three hundred jobs. He provided an example of another company who in the mid-80's asked for a personal property tax reduction. He said he carried a bill that would have repealed personal property taxes which did not pass and, as a result, the company opened a new plant in Bonners Ferry, Idaho, and doubled the size of their operation and the jobs and investments were lost to Montana. There are numerous examples along those very same lines. It is important to remember that the rate of tax is not the only factor in the formula. The number of mills is very important in the

formula but SB 417 only talks about changing the tax rate and does not deal with millage. **SEN. KEATING** referred to the opponents' testimony regarding the effect on schools. The bill would affect \$8 million of the total school budget of \$960 million which is a tenth of a percent that would be impacted by the bill and \$8 million would be going back to those schools under the reimbursement formula so there would not be a big loss. He said the rural schools might have a little more concern because they don't have a manufacturing and equipment base but do have a lot of ag equipment and farming equipment and trucking. He said some schools would have to adjust but "some are overspending anyhow." He mentioned that when John F. Kennedy was president in the 60's he said that if tax rates were lowered, revenues would increase, and they did. Congress reduced income tax rates, revenues did increase, and the "trickle down" concept worked. A comprehensive study of the trickle-down economics of the 1980's revealed that every bracket of income increased. A study was done at Bozeman which revealed the same thing. **SEN. KEATING** stated that the bill may not be a panacea but it would be an expression to industry that the Legislature is setting a trend. By the end of the third year, personal property taxes would have been decreased by 30% and that could have an impact on whether there is investment in Montana or not. **SENATOR KEATING** said SB 417 is the Governor's package and the Department of Revenue wrote it. He said he believes in it and thinks it will work and he asked the Committee to support it.

HEARING ON SB 421

Opening Statement by Sponsor:

SEN. JOHN HARP, Senate District 42, Kalispell, stated that SB 421 would freeze property taxes at the 1994 level. He said he would be offering amendments to the bill. **EXHIBIT 7.** He said opponents to the bill were mainly people associated with schools, grades K - 12, who receive 60% of all property taxes collected in the state. He said the taxpayers, who have lost confidence in the system, were not represented at the hearing. The bill tries to reenact I-105. He said the basic purpose of I-105 was thrown out in 1989 because of the Supreme Court's finding regarding funding of schools. When Class 1 and 2 properties were taken out of the property tax, some counties in eastern Montana "were destroyed." It dramatically changed school funding and, at the same time, that is where the taxpayers lost faith with the Legislature of Montana. They still think I-105 is in place and don't understand why their property taxes aren't frozen and they have never connected what happened in that special session of 1989, resulting in discontent in government, encouraging initiatives and a continual opposition to the institution called "government." The people who oppose the measure should be proponents of the bill because I-105 is still "on the backs" of local governments. If they would look at the provisions offered in the bill and fully understand them, they would not oppose it.

He said the people who oppose the bill will "give you a million reasons" why a freeze should not be put in place and why there should not be changes in tax policy. The reason they should support the bill is that he was convinced that if property taxes continue on as they have, they will be taken away. The people who are seeing increases in property tax, \$114 million in the last two years, will not continue to pay those increases without going to initiatives. **SEN. HARP** said he had worked with the Office of Public Instruction and local governments and the bill allows for flexibility. He briefly reviewed the proposals contained in the bill and the amendments made in the Senate. He mentioned that the reason the schools are so opposed to the bill is that when the next reappraisal is done, there will be another \$50 to \$60 million increase in tax and SB 421 would offset those increases by lowering the mills. Therefore, the dollars would remain constant and the schools object. However, at this point in time "the taxpayers need a chance to catch their breath."

{Tape: 4; Side: B.}

SEN. HARP SB 421 would help hold the line on property taxes and keep them from being taken away by an initiative.

Proponents' Testimony:

Ernie Dutton, Montana Association of Realtors, testified in strong support for caps on property taxes in Montana. His comments and supporting documents are attached. EXHIBIT 8.

Dennis Burr, Montana Taxpayers Association, said his main interest in SB 421 stems from the time he spent traveling around the state during the past summer involved in discussions of CI-66 and CI-67 with voters in Montana. Everywhere he went, people who tended to support the constitutional amendment to do something about taxes referenced the Legislature's actions with regard to I-105. The voters looked at I-105 as an effort to limit their property tax. Unfortunately, because of the court decision on school funding, the Legislature had to start "chipping away" at I-105 to exclude schools from its provisions. In addition, the state imposed its own 45-mill levy to help fund state schools. The public holds a tremendous amount of anger with the Legislature for changing a measure that was passed by the people "before the ink was even dry." SB 421 attempts to restore some of the provisions of the initiative although there are significant differences. **Mr. Burr** explained how the bill would affect schools and why some counties would prefer to remain under the provisions of I-105 using the 1986 values rather than 1994 values. He said the bill was good legislation as far as restoring trust in the legislative system with the taxpayers in Montana and, at the same time, it would not cause much harm to local governments.

David Owen, Montana Chamber of Commerce, said he had participated in many discussions on CI-66 and CI-67. The perception of the

taxpayers is that there are no answers regarding high property tax and they are concerned. The Chamber favors the provision in the bill that offsets increases in valuation against millage. The bill would go a long way toward restoring the public's respect.

Collin Bangs, Montana Association of Realtors, said the citizens of Montana have sent a strong message that they don't want property tax increases. He supports the bill because he is afraid of what will happen if it does not pass. He said the taxpayers should be given credit for making a good decision and the Legislature should reimpose that decision.

William Spilker, said he liked the part of the bill that provides that when valuation goes up, mill levies would go down. If taxes must be raised, it is appropriate to go to the electorate. He asked the Committee to vote for the bill.

P. C. Musgrove, President, Montana Association of Realtors, testified that the citizens in the Flathead are angry that I-105 did not do what it was intended to do. This bill would go a long way toward curing the problems. He urged the Committee to pass the bill.

Maureen Oelkers, Helena Board of Realtors, spoke in favor of the bill on behalf of the members of the association.

Bonny Milligan, Bozeman Board of Realtors, expressed her support for the bill.

John Shontz, Montana Association of Realtors, referred to information provided to him by the DOR on total taxes levied in Montana. EXHIBIT 9. He said property taxes are a statewide problem, not just a northwest Montana problem. During the last election, Initiatives 66 and 67 did pretty well because people are justifiably concerned that if the Legislature does not address the issue, there will be a "revolution." If the Legislature does not pass this bill, he suggested that they give serious thought to including funding in HB 2 to pay for the struggle in the next election to defeat petitions that will be on the ballot. He said he approved of the provision in the bill to offset increases in valuation by decreases in mills and the provision to allow local government to make decisions to fund large projects. He encouraged the Committee to pass the bill in order to prevent a revolution.

John Younger, Montana Farm Bureau, said I-105 was conceived by the people to be a means for control of growth in government because they had lost faith in what the Legislature did. He compared the Legislature to kids -- when the oldest starts to lose, he changes the rules, and that is what happened with I-105 and the reason SB 421 should be passed.

Opponents' Testimony:

Kathy Fabiano, Supervisor of Fiscal Operations, Office of Public Instruction, said SB 421 raises a number of questions regarding the administration and application of school budgeting laws under the combination of the bill and the provisions of Title 20. The amendment offered by Senator Harp would answer a lot of the questions. She asked that, if the Committee does vote for the bill, they would also support the amendments. The text of Ms. Fabiano's testimony is attached. EXHIBIT 10.

{Tape: 5; Side: A.}

Gary Buchanan, Chairman of the Governor's Task Force to Renew Government, advised that he was speaking in his own behalf and not as a representative of the Task Force. He said the Task Force had identified a system that rewards administration and costs and penalizes direct services and that is the theme that is being heard. Another point that was raised was that the state has over-restrained local governments, by micro-managing the way they govern themselves by detailed and voluminous laws, rules and regulations. He said the state's concern for unfunded mandates is genuine. He said the Task Force made only one recommendation in the taxation area and that was for a local option tax as a way for local governments to reduce their reliance on property taxes. It did have some support but didn't make it through. He said Initiative I-105 had asked the Legislature to reduce property taxes and in so doing present alternatives. He said he didn't think the Legislature should penalize the only fiscally disciplined sector of state government, the cities and counties. Taxes should be dealt with "straight up." A freeze is a sign of surrender on the part of a Legislature that cannot find a way to provide tax relief.

Mona Nutting, Chairman, Carbon County Commissioner, asked the Committee to table SB 421. She stated that Carbon County had been singled out and she had not come with the intent of crying and whining. She distributed copies of the county's budget for FY 86-87, 89-90 and 94-95. EXHIBIT 11. She noted that their valuations have declined since 1986 and total property tax revenues are \$193,000 less than what they were in 1986. She pointed out that the bill does allow for adjustments due to high costs of remodeling and new construction, but Carbon County is neither a commercial nor an industrial growth area, yet they do have a generous residential growth history. She said that in 1994 Carbon County had \$6 million in new construction which equalled only \$17,000 in new tax revenues. The tax is offset by the cost of providing services to the areas of growth. Carbon County has never been able to pass a special mill levy for any purpose. She said the proponents say the taxpayers are "sick and tired" of increases in property taxes and that the 1986 tax freeze should be resurrected. It was also stated that the only group of people who were not represented were the taxpayers -- she said they are all taxpayers and, as a taxpayer, she expected

police and fire protection and good roads. She asked that the Committee not make it harder by passing SB 421.

Mike Mathew, Yellowstone County Commissioner, said SB 421 is bad tax policy. Yellowstone County has never supported repeal of I-105 and it should be left in place. The bill changes the provisions of the initiative and would create a myriad of problems for local governments. His major concern was the removal of the reappraisal process. Inflation is a fact of life. New growth does not address inflation, it means new services must be provided. They must also deal with unfunded mandates and he provided two examples where the county must hire additional personnel because of action of the current Legislature for which they received no funding. He said Yellowstone County has lived within the scope of I-105 and they should be given the opportunity to continue to do that.

Dorothy Cody, Roosevelt County Commissioner, said Roosevelt County had lost valuation over the last nine years and during that time it has been very conservative. Speaking for the taxpayers, she said consideration should be given to the fact that if the Legislature wants taxes lowered, it is responsible for repealing the laws that require counties to provide services. That is how government is cut. She said she was surprised the realtors were testifying in favor of the bill because they are the biggest users of courthouses in the State of Montana.

James Loftus, Montana Fire Districts Association, went on record in opposition to the bill.

Dennis Parman, School Superintendent, Shelby, presented testimony in opposition to the bill on behalf of twelve schools in North Central Montana. EXHIBIT 12. He stated that even though SB 421 is amended, many school districts across Montana will have to hold another election.

Tom Cotton, Superintendent, Deer Lodge Elementary School District #1, said he represented the schools in the Underfunded Coalition who brought suit against the State of Montana twice. He commented that per pupil expenditures are down, the reliance on property tax has increased and state funding has decreased. The bill would create even greater problems. His testimony is attached. EXHIBIT 13.

Sue Olsen, Musselshell County, expressed opposition to the bill.

{Tape: 5; Side: B.}

Luverne Nieskins, Daniels County Commissioner, opposed the bill.

Chip Erdman, Rural Education Association, rose in opposition to SB 421 and said there was a comprehensive system for school funding that equalized and also limited growth in school budgets. That system will continue to work. The problem with SB 421 is

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that it is not integrated into that system and will put school districts in the unique position of having to vote twice on the same issues.

Cliff Roessler, Helena Public Schools, said "if it isn't broke, don't fix it." He said they must go to the voters if they have increased enrollment, inflation, and additional mandates. He urged the Committee to vote no on SB 421.

Alec Hanson, League of Cities and Towns, said that there were 60 cities and towns in Montana that had not had a tax increase since 1987 and they are operating on less money. He said he was proud of their fiscal management. EXHIBIT 14. He opposes SB 421.

Howard Gipe, Flathead County Commissioner, stood in opposition to the bill.

Gordon Kamper, Sheridan County Commissioner, said that under the bill they would have to operate on 39% fewer tax dollars and, because of that, they cannot support the bill.

Kathy Bessette, Hill County, said Hill County is able to provide services and continue operating under the restraints of I-105 but their taxable valuation has dropped from \$48 million to \$31 million and they have not levied up to the maximum. Because they have been conservative, they would be punished and for that reason cannot support the bill.

Jim Kembel, City of Billings, offered testimony on behalf of City Administrator Mark S. Watson. EXHIBIT 15.

Michael Keating, Montana School Boards Association, thanked Sen. Harp for his efforts in amending the bill so that it would be sensible and fair to local governments. However, he agreed with the testimony of Ms. Fabiano and opposes the bill.

Mary Allen, Powell County, submitted testimony in opposition to the bill on behalf of Don Valiton, Chairman, Powell County Board of Commissioners. EXHIBIT 16.

Larry Fasbender, Cascade County Coalition, said that, even though amended, there were still internal problems with the bill so he would speak in opposition.

Bill Verwolf, City of Helena, testified in opposition to the bill.

Bud Williams, Conrad School Superintendent, said he was opposed to the bill as originally written and he urged the Committee to look very closely at the amendments if they support the bill.

Gordon Morris, Montana Association of Counties, distributed copies of his prepared testimony. EXHIBIT 17.

Questions From Committee Members and Responses:

CHAIRMAN HIBBARD said that because of the constraints on time, and the necessity to hear four important bills, he postponed any questions from Committee Members until the executive session at 8:00 a.m., on April 6. He invited the sponsor and any other interested persons to attend the meeting to answer questions from Committee Members.

Closing by Sponsor:

SEN. HARP said he had closed.

HEARING ON SB 424**Opening Statement by Sponsor:**

SEN. DEL GAGE, Senate District 43, Cut Bank, said SB 424 would revise the calculation of unit value for local government severance tax (LGST) purposes by excluding from the unit value calculation the net proceeds taxes on oil and natural gas that were attributable to an emergency levy imposed in fiscal year 1990 on 1988 production. He advised that a situation had arisen whereby Fallon County had received more of the local government severance tax than it should have because of an emergency levy which skewed the unit values. Because there was only so much money to be distributed, the other oil and gas counties received an inappropriate share. He distributed information on Fallon County's levied mills and an excerpt from the *Fallon County Times* which indicates that the county knew what it was doing and what the effect would be. EXHIBIT 18.

Proponents' Testimony:

Gloria Paladichuk, Richland Development Corp., said the Committee should look at the intent of the special legislative session in 1989 and whether the Legislature intended that one county should be a major winner and the remaining twenty counties losers. She stated that following the 1989 special session, Fallon County convinced its local taxpayers to hold a special election for 15 mills which would lock them into a higher unit value, giving them a tax raise "forever" as long as there were producing wells in the county. She said the county must approve the final budget by the second Monday in August. Fallon County did not hold the election until October 3 and increased their total county mills by an average of 380%. The largest increase was the hospital fund at 878%. She provided a handout showing budget increases and other information. EXHIBIT 19. In her opinion there was no emergency in Fallon County and the emergency levy was a successful attempt to capture more of the LGST. She said many schools in the oil and gas counties have suffered because of the action of Fallon County.

Jim Halverson, Northern Gas and Coal Counties Association, said the counties have always considered the LGST distribution system as flawed. In 1989 a bill was introduced that would have done away with the unit value system and gone back to a liability system which provided that if the revenue was raised in a taxing jurisdiction, it would stay in that jurisdiction. The issue being heard is only one of a number of frustrations the counties have dealt with. He said the Association supports the bill.

Sue Olson, Musselshell County Commissioner and President of the Montana Association of Oil, Gas and Coal Counties, spoke in support of the bill. The bill does not do all they would like but it is a step in the right direction and should be passed.

Dean Harmon, Roosevelt County Commissioner, offered support for the bill.

Gordon Kamper, Sheridan County Commissioner, spoke in favor of the bill.

Kathy Bessette, Hill County Commissioner, testified in support of SB 424.

Opponents' Testimony:

Don Rieger, Fallon County Commissioner, said he had been involved in discussions of the flat tax. He said the discussion so far had made it sound like Fallon County had reaped what other counties should have received. He said there was a severe problem in Fallon County at the time the emergency levy was passed and it had been discussed with Sen. Gage at the time the bill was passed during the special session. He stressed that when HB 28 came into being, it definitely took away taxing authority. He said that at that time the county was aware that it would be the last time the producers of oil would share in the cost of building a ten-room addition to the nursing home and that was the reason the emergency levy was passed. **Mr. Rieger's** testimony and supporting documents, in which he defends the position of Fallon County, are attached. EXHIBIT 20. He said the county had never received a windfall and they have steadily decreased the amount of money they spend. He asked the Committee to table the bill.

{Tape: 6; Side: A.}

Questions From Committee Members and Responses:

CHAIRMAN HIBBARD asked if the sponsor had noted that the budget status update shows SB 424 as a positive impact on the general fund. **SEN. GAGE** said that reflected the original bill which has been amended since the status report. The bill would reduce the tax base on schools that participate. He said the status sheet was inaccurate.

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In response to a question from REP. SWANSON, SEN. GAGE explained the LGST distribution process.

Closing by Sponsor:

SEN. GAGE emphasized that Fallon County had not done anything illegal, they were "just ahead of the rest of us and made hay while the sun shone." With passage of this bill, the "joy ride" would be over.

ADJOURNMENT

Adjournment: 1:15 p.m.



CHASE HIBBARD, Chairman



DONNA GRACE, Secretary

CH/dg

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL

DATE April 4, 1995

NAME	PRESENT	ABSENT	EXCUSED
Rep. Chase Hibbard, Chairman	✓		
Rep. Marian Hanson, Vice Chairman, Majority	✓		
Rep. Bob Ream, Vice Chairman, Minority	✓		
Rep. Peggy Arnott	✓		
Rep. John Bohlinger	✓		
Rep. Jim Elliott	✓		
Rep. Daniel Fuchs	✓		
Rep. Hal Harper	✓		
Rep. Rick Jore	✓		
Rep. Judy Rice Murdock	✓		
Rep. Tom Nelson	✓		
Rep. Scott Orr	✓		
Rep. Bob Raney	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Roger Somerville	✓		
Rep. Robert Story	✓		
Rep. Emily Swanson	✓		
Rep. Jack Wells	✓		
Rep. Ken Wennemar	✓		

RECAP OF FEDERAL RETIREE LAWSUIT AND REFUND PROCESS

HISTORY

March 29, 1989	U. S. Supreme Court- <u>Davis v. Michigan</u>
* April 10, 1989	Department issues PRESS RELEASES to all media advising taxpayers to file amended returns
* July 25, 1989	Department issues 2nd PRESS RELEASE advising taxpayers to file amended returns and the abeyance process for those amended returns already received
September, 1989	Judge Sherlock orders a stay from collecting additional tax based on the Federal pensions
* October 20, 1989	Department issues 3rd PRESS RELEASE Inviting claims for all open years, advise abeyance process
July, 1990	District Court rules no refund-no retroactive application
February, 1991	District Court rules on appeal according to "Chevron Test"- no retroactive application-no refunds
* August 13, 1993	PRESS RELEASE re: Governor Racicot's determination on the 1988 tax year. Announcement stated refunds to be paid to those taxpayers that had filed returns and paid tax on the Federal pensions.
* February 24, 1994	Department issues PRESS RELEASE explaining potential settlement and advising of court hearing.
March/April, 1994	Plaintiffs' attorney, Mr. Sheehy, mails each claimant notification of potential settlement and court hearing.

* Copies of these news articles are in section marked "Press"

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Tax Year 1994

DATE 4/4/95
SB 417

SB 417

Tax Year 1994

Estimated Taxes Levied for Tax Year 1994
By Property Type

Market and Taxable Values for Tax Year 1994
By Property Type

Property Type	Class	Tax Rate	1994 Total		Assessed Value		Taxable Value		Assessed Value		Taxable Value		1994 Taxes Levied		Effective for Property Tax Rate	Average Mill Levy
			Assessed Value	Taxable Value	Within Cities/Towns	Outside Cities/Towns	Assessed Value	Taxable Value	Within Cities/Towns	Outside Cities/Towns	Estimated 1994 Taxes Levied	Effective for Property Tax Rate				
Agricultural Land																
Tillable Irrigated	3	3.860%	359,742,802	13,885,647	771,644	29,784	83,314	1,319,136	1,027,925	1,989,813	2,723	4,422,911	123%	318.52		
Tillable Non-Irrigated	3	3.860%	2,098,162,244	80,989,207	246,551	9,520	485,935	7,693,975	6,838,333	11,594,194	1,203	26,613,640	127%	328.61		
Grazing Land	3	3.860%	968,755,973	37,392,933	239,805	9,258	228,935	3,552,329	2,979,672	5,056,347	933	11,813,638	122%	315.93		
Wild Hay	3	3.860%	146,942,055	5,671,878	153,105	3,805	34,031	518,169	457,323	812,376	316	1,843,376	125%	325.00		
Timber Land	10	0.790%	921,205,325	7,277,628	207,703	1,639	43,666	691,375	554,564	1,160,287	116	2,450,008	0.27%	336.65		
- Subtotal			4,494,808,399	145,217,293	1,618,808	54,066	871,304	13,795,643	11,857,817	20,613,518	5,293	47,143,575	1.05%			
- Subtotal Percent of Column Statewide Total			12.7%	8.1%	0.0%	0.0%	6.0%	8.1%	9.2%	7.7%	0.0%	7.5%				
- Subtotal Average Mill Levy							6.00	95.00	81.66	141.95	98.00	324.64				
Residential Land																
Farmstead 1 Acre	4	3.860%	125,534,041	4,845,973	452,234	17,461	29,076	460,367	371,828	766,315	1,658	1,629,244	1.30%	336.21		
Non-Qualified Ag Land	3	27.020%	19,544,649	5,280,536	62,497	16,884	31,683	101,651	403,898	101,087	1,622	1,739,941	8.90%	329.50		
Non-Q Ag Land 1 Acre	4	3.860%	34,494,810	1,331,799	88,800	3,430	7,991	126,521	101,027	208,648	349	444,536	1.29%	333.79		
City/Town Lots Residential	4	3.860%	1,504,841,285	58,085,987	1,373,695,162	53,014,351	348,516	5,518,169	4,459,962	9,950,786	5,283,735	25,571,177	1.70%	440.23		
Suburban Tracts Residential	4	3.860%	1,904,995,084	73,533,401	16,196,100	625,169	441,200	6,985,673	5,775,785	12,238,937	58,011	25,439,566	1.34%	346.78		
Suburban Tracts - Low Income	4	2.245%	69,714,286	1,564,729	38,003,573	861,093	9,388	148,649	123,168	262,580	84,965	628,750	0.90%	401.83		
- Subtotal			3,659,124,155	144,642,425	1,428,498,366	54,538,384	867,855	13,741,030	11,245,668	24,228,363	5,430,339	55,513,255	1.52%			
- Subtotal Percent of Column Statewide Total			10.3%	8.1%	12.0%	10.3%	6.0%	8.1%	8.7%	9.1%	10.3%	8.8%				
- Subtotal Average Mill Levy							6.00	95.00	77.75	167.51	99.57	383.80				
Residential Improvements																
Impr. on Ag and Timber Land	4	3.860%	1,650,211,924	63,698,145	4,116,195	158,885	382,189	6,051,324	5,043,446	9,429,151	16,017	20,922,127	1.27%	328.46		
Impr. on Disparately Owned Ag Land	4	3.860%	5,857,290	226,071	64,750	2,500	1,356	21,477	19,054	31,560	406	73,854	1.26%	328.68		
Impr. on Disparately Owned Ag Land	4	3.860%	16,859,806	650,792	4,009,139	154,749	3,905	61,825	49,959	89,378	10,147	215,214	1.28%	330.70		
Impr. on Rt of Way - Agricultural	4	3.860%	344,950	13,314	104,910	4,049	80	1,265	1,154	2,101	334	4,934	1.43%	370.58		
Impr. on Class 4 Out of Production	4	3.860%	0	0	0	0	0	0	0	0	0	0				
Remodeled Agr/Timber Improvements	4	3.860%	0	0	0	0	0	0	0	0	0	0				
Impr. on Suburban Tracts Residential	4	3.860%	4,290,450,436	164,067,581	33,957,216	1,310,753	984,405	15,586,420	12,552,007	27,435,919	126,957	56,685,708	1.33%	345.50		
Impr. on City/Town Lots Residential	4	3.860%	5,765,582,576	222,580,613	5,182,928,708	200,060,210	1,335,304	21,142,308	17,530,068	38,027,535	19,745,006	97,780,220	1.70%	439.36		
Impr. on Tracts and Lots - Low Income	4	2.230%	227,012,964	5,062,647	124,991,039	2,817,628	30,376	480,951	410,816	847,209	273,010	2,042,363	0.90%	403.42		
Impr. on Rt of Way - Residential	4	3.860%	2,603,114	100,483	214,780	5,445	603	9,546	9,755	13,188	616	33,708	1.29%	335.46		
Remodeled Residential Improvements	4	1.118%	1,433,825	16,027	1,320,055	15,566	96	1,523	1,241	2,781	2,105	7,745	0.54%	483.26		
Mobile Homes	4	3.860%	377,211,700	14,526,043	87,268,052	3,360,462	87,156	1,379,974	1,127,497	2,393,820	324,106	5,312,553	1.41%	365.73		
Mobile Homes - Low Income	4	2.197%	12,974,870	285,037	4,166,323	91,726	1,710	27,079	22,552	47,439	8,640	107,420	0.83%	376.86		
- Subtotal			12,310,543,455	471,196,753	5,443,141,167	207,981,973	2,827,181	44,763,692	36,767,549	78,320,079	20,507,344	183,185,845	1.49%			
- Subtotal Percent of Column Statewide Total			34.8%	26.4%	45.6%	39.3%	6.0%	29.4%	28.6%	29.4%	29.1%	29.1%				
- Subtotal Average Mill Levy							6.00	95.00	78.03	166.22	98.60	388.77				

Tax Year 1994

Market and Taxable Values for Tax Year 1994 By Property Type

Estimated Taxes Levied for Tax Year 1994 By Property Type

Property Type	Class	Tax Rate	1994 Total Assessed Value	1994 Total Taxable Value	Assessed Value Within Cities/Towns	Taxable Value Within Cities/Towns	University (6mills)	State Equalization (85 mills)	County	Local Schools	Cities/Towns	Total Estimated 1994 Taxes Levied	Effective Tax Rate	Average Mill Levy
Commercial Land														
Suburban Tracts Commercial	4	3.860%	224,843,441	8,678,998	16,123,922	622,394	52,074	824,505	698,051	1,511,995	65,376	3,152,001	1.40%	363.18
City/Town Lots Commercial	4	3.860%	981,697,641	37,893,213	914,398,368	35,295,512	227,359	3,599,855	2,916,957	6,691,487	3,594,648	17,030,306	1.73%	449.43
Industrial Sites	4	3.860%	65,367,615	2,523,223	11,855,938	457,654	15,139	239,706	186,891	404,170	43,744	889,650	1.36%	352.58
New Industry Land	5	3.000%	5,250	158	0	0	0	15	9	21	0	46	0.88%	293.04
R & D Land	5	3.000%	70,490	2,115	0	0	0	201	179	382	0	775	1.10%	366.20
Qualified Golf Courses	4	1.930%	12,994,249	250,789	1,972,033	38,061	1,505	23,625	18,428	42,536	3,648	89,939	0.69%	358.63
Locally Assessed Co-op Land	5	3.000%	207,783	6,234	82,870	3,141	37	592	451	839	327	2,246	1.08%	360.35
Eligible Mining Claims	3	3.860%	565,130	21,820	49,704	1,920	131	2,073	2,467	3,700	122	8,513	1.51%	390.15
Nonproductive Land Under 20 Acres	4	3.860%	122,846	4,744	16,630	378	28	451	393	768	28	1,669	1.36%	351.77
Class 4 Out of Production Land	4	3.860%	0	0	0	0	0	0	0	0	0	0	---	---
- Subtotal			1,285,874,445	49,381,294	944,499,665	36,419,060	296,288	4,691,223	3,823,846	8,655,897	3,707,891	21,175,145	1.65%	---
- Subtotal Percent of Column Statewide Total			3.6%	2.8%	7.9%	6.9%	2.8%	2.8%	3.0%	3.2%	7.0%	3.4%	---	---
- Subtotal Average Mill Levy							6.00	95.00	77.44	175.29	101.81	428.81		
Commercial Improvements														
Impr. on Suburban Tracts Commercial	4	3.860%	676,666,683	26,119,356	51,640,044	1,993,294	156,716	2,481,339	2,092,423	4,441,439	207,281	9,379,199	1.39%	359.09
Impr. on City/Town Lots Commercial	4	3.860%	2,855,500,526	110,222,235	2,643,686,402	102,046,209	661,333	10,471,112	8,626,191	19,188,278	10,293,117	49,240,032	1.72%	446.73
Impr. on Rt of Way - Commercial	4	3.860%	23,882,084	921,859	18,982,177	732,721	5,531	87,577	68,036	141,815	75,308	378,266	1.58%	410.33
Locally Assessed Co-op Improvements	5	3.000%	389,348	11,782	104,600	3,982	71	1,119	0	1,607	341	3,806	0.98%	323.05
Impr. on Hydraulic Power Works	4	3.860%	0	0	0	0	0	0	0	0	0	0	---	---
Impr. on Qualified Golf Courses	4	1.930%	35,319,400	681,684	3,229,400	62,328	4,090	64,758	52,630	118,243	6,231	245,959	0.70%	360.82
Impr. on Industrial Sites	4	3.860%	647,912,517	25,009,426	119,594,323	4,616,345	150,057	2,375,895	1,844,502	3,823,694	429,633	8,623,781	1.33%	344.82
New Industrial Improvements	4	2.438%	67,942,391	1,656,716	18,315,821	399,596	9,940	157,368	105,312	253,240	42,778	568,659	0.84%	343.24
Impr. on New Industry Land	5	3.000%	1,200	36	800	24	0	3	3	5	3	15	1.22%	405.32
Remodeled Commercial Improvements	4	2.114%	9,642,413	203,817	8,645,751	189,650	1,223	19,363	16,037	34,835	21,335	92,792	0.96%	455.27
R & D Improvements	5	3.000%	1,647,713	49,431	161,413	5,034	297	4,696	4,037	8,500	567	18,096	1.10%	366.09
New and Expanding R & D Improvements	5	2.016%	1,430,800	28,846	0	0	173	2,740	2,253	3,795	0	8,962	0.63%	310.68
Remodeled R & D Improvements	5	3.000%	0	0	0	0	0	0	0	0	0	0	---	---
Impr. for Pollution Control	5	3.000%	10,297,000	308,910	4,882,100	146,463	1,853	29,346	23,609	50,688	10,545	116,042	1.13%	375.65
- Subtotal			4,330,632,075	165,214,078	2,869,242,831	110,195,646	991,284	15,695,337	12,835,702	28,066,139	11,087,146	68,675,609	1.59%	---
- Subtotal Percent of Column Statewide Total			12.2%	9.2%	24.0%	20.8%	9.2%	9.2%	10.0%	10.5%	21.1%	10.9%	---	---
- Subtotal Average Mill Levy							6.00	95.00	77.69	169.88	100.61	415.68		

Tax Year 1994

Market and Taxable Values for Tax Year 1994 By Property Type

Estimated Taxes Levied for Tax Year 1994 By Property Type

Property Type	Class	Tax Rate	1994 Total Assessed Value	1994 Total Taxable Value	Assessed Value Within Cities/Towns	Taxable Value Within Cities/Towns	University (5mills)	State Equalization (95 mills)	County	Local Schools	Cities/Towns	Total Estimated 1994 Taxes Levied	Effective Tax Rate	Average Mill Levy for Property Type
Personal Property														
Furniture and Fixtures	8	9.000%	425,007,891	38,251,628	331,027,216	29,793,062	229,510	3,633,905	2,868,449	6,595,252	2,997,802	16,444,917	3.87%	429.91
Locally Assessed Co-op Pers. Prop	5	3.000%	12,037,417	368,182	116,091	3,484	2,209	34,977	28,533	48,756	383,392	114,867	0.95%	311.99
Machin. other than Farm, Min., Manuf.	8	9.000%	337,403,307	30,381,423	42,501,143	3,825,453	182,289	2,868,235	2,045,045	4,183,010	383,392	9,679,959	2.87%	318.61
Repair Tools	8	9.000%	1,380,777	59,358	710,088	33,380	366	5,639	4,408	9,670	23,389	27,416,987	1.69%	384.04
Manufacturing Machinery	8	9.000%	910,923,603	81,982,871	84,875,551	7,538,803	491,897	7,788,373	5,592,959	12,829,496	7,111,351	27,416,987	3.01%	334.42
Mining Machinery	8	9.000%	2,817,834	253,605	578,754	52,090	1,522	24,092	16,764	35,905	5,748	83,431	2.96%	328.98
Ski Lifts	8	9.000%	5,962,890	536,859	0	0	3,220	50,983	35,660	72,160	0	162,023	2.72%	301.91
Supplies and Materials	8	9.000%	76,097,135	6,851,200	14,275,775	1,286,135	41,107	650,864	452,775	1,025,017	126,802	2,296,565	3.02%	335.21
All Other Property	8	9.000%	593,059	53,378	446,125	40,152	320	5,071	4,117	7,510	2,910	19,927	3.36%	373.34
Rural Telephone Property	7	8.000%	342,842	27,427	312,511	25,000	165	2,606	2,699	3,798	2,825	12,092	3.53%	440.87
Air and H2O Pollution Control	5	3.000%	408,139,786	12,244,195	16,340,866	490,227	73,465	1,163,199	342,692	71,268	37,687	2,388,311	0.59%	195.06
New & Expanding Ind.-Air & H2O P.C.	5	1.533%	18,179,080	278,772	1,688,126	25,322	1,673	26,483	17,474	46,282	2,254	94,165	0.52%	337.79
All Gasohol Related Property	5	3.000%	0	0	0	0	0	0	0	0	0	0	0	0
R & D Personal Property	5	3.000%	1,841,752	55,253	709,993	21,300	332	5,249	4,071	8,433	2,475	20,559	1.12%	372.09
New & Expanding R & D Pers Prop	5	1.933%	772,316	14,932	0	0	90	1,419	1,166	1,965	0	4,539	0.60%	310.68
Aluminum Electrolytic Equipment	5	3.000%	26,996,847	809,905	0	0	4,859	76,941	71,239	142,249	0	295,289	1.09%	364.60
Milling Barley Processing Equipment	6	4.000%	0	0	0	0	0	0	0	0	0	0	0	0
Canola Seed Processing Equipment	6	4.000%	0	0	0	0	0	0	0	0	0	0	0	0
Cable TV Systems	8	9.000%	16,246,170	1,462,161	9,518,602	856,694	8,773	138,905	114,916	246,800	86,251	595,646	3.67%	407.37
Theatre and Sound Equipment	8	9.000%	953,581	85,827	908,658	81,782	515	8,154	6,317	14,676	8,360	38,022	3.99%	443.01
Radio and TV Broadcasting Equip.	8	9.000%	17,071,972	1,538,484	4,732,341	425,912	9,219	145,966	115,639	267,858	43,757	582,430	3.41%	379.07
CB's and Mobile Phones	8	9.000%	4,221,057	373,930	1,137,929	102,419	2,280	36,093	28,210	58,502	10,688	135,773	3.22%	357.36
Rental Equipment (Less Than \$5,000)	6	4.000%	5,746,679	228,880	3,971,176	158,857	1,379	21,639	18,308	39,938	15,760	97,224	1.69%	422.93
Rental Equipment	8	9.000%	11,691,044	1,052,199	9,308,132	837,735	6,313	99,959	69,016	174,170	75,825	425,283	3.64%	404.19
Class 20 Out of Production PP	8	9.000%	0	0	0	0	0	0	0	0	0	0	0	0
New & Expanding Ind.-Mach & Eq	8	4.589%	239,141,096	10,974,349	37,534,058	2,349,063	63,846	1,042,563	682,031	1,643,919	216,148	3,650,507	1.53%	332.64
New Industry - Personal Property	5	3.000%	178,938	5,368	231,535	6,946	32	510	479	1,163	944	3,129	1.75%	582.86
Oil & Gas Field Equipment	8	9.000%	70,228,936	6,320,603	778,865	70,096	37,924	600,457	517,721	834,917	7,483	1,998,502	2.85%	316.19
Oil & Gas Flow Lines	8	9.000%	33,035,079	2,973,176	24,106	2,033	17,839	282,452	256,760	397,082	235	954,368	2.89%	320.99
Ag Implements	8	9.000%	655,567,666	59,001,182	1,388,696	124,990	354,007	5,605,112	4,810,281	8,398,503	9,865	19,177,768	2.93%	325.04
Loc Assd Util Intra-Co Lines	8	9.000%	765,708	68,914	361,517	32,537	413	6,547	5,715	10,532	2,589	25,796	3.37%	374.33
Value Added Machinery (15-24-2403)	8	variable	0	0	0	0	0	0	0	0	0	0	0	0
Failure to Report Penalty	8	8.132%	16,013,688	1,302,278	6,346,378	549,896	7,814	123,716	93,874	203,757	50,493	479,655	3.00%	368.32
- Subtotal			3,299,358,150	257,561,137	569,824,232	48,833,378	1,545,367	24,468,308	18,329,618	38,072,588	4,805,342	87,221,223	2.64%	
- Subtotal Percent of Column Statewide Total			9.3%	14.4%	4.8%	9.2%	14.4%	14.4%	14.2%	14.3%	9.1%	13.9%		
- Subtotal Average Mill Levy							6.00	95.00	71.17	147.82	98.40	338.64		

4-4-95
SD 417

Tax Year 1994

Tax Year 1994													
Market and Taxable Values for Tax Year 1994 By Property Type					Estimated Taxes Levied for Tax Year 1994 By Property Type								
Property Type	Class	Tax Rate	1994 Total Assessed Value	1994 Total Taxable Value	Assessed Value Within Cities/Towns	Taxable Value Within Cities/Towns	University (6mills)	State Equalization (95 mills)	County	Local Schools	Cities/Towns	Total Estimated 1994 Taxes Levied	Average Mill Levy Effective for Property Type
Proceeds													
Net Proceeds	1	100.000%	3,953,607	3,953,607	0	0	23,722	375,593	328,308	471,388	0	1,199,010	30.33%
Gross Proceeds of Coal Strip Mines	2	45.000%	0	0	0	0	0	0	0	0	0	0	---
Gross Proceeds of Underground Coal	2	33.300%	0	0	0	0	0	0	0	0	0	0	---
Gross Proceeds of Metal Mines	2	3.000%	322,297,094	9,668,914	947,6308	284,289	58,013	918,547	751,103	1,513,645	27,695	3,269,004	1.01%
- Subtotal			326,250,701	13,622,521	9,476,308	284,289	81,735	1,294,139	1,079,411	1,985,033	27,695	4,468,014	1.37%
- Subtotal Average Mill Levy			0.9%	0.8%	0.1%	0.1%	6.00	95.00	79.24	145.72	97.42	327.99	
Vehicles													
Trucks over 1 Ton (9%)	8	9.000%	89,266,078	8,028,762	16,038,376	1,440,970	48,173	762,732	628,148	1,233,070	140,407	2,812,529	3.15%
Buses	8	9.000%	1,198,952	107,005	422,680	38,042	642	10,165	7,675	15,599	4,190	38,272	3.19%
Trailers (9%)	8	9.000%	56,860,215	5,131,765	11,201,234	1,010,103	30,791	487,518	396,897	790,353	97,752	1,803,310	3.17%
Coal and Ore Haulers	8	9.000%	29,425,361	2,648,284	28,260	2,633	15,890	251,587	147,637	304,735	257	720,106	2.45%
Locally Assessed Trucks & Trailers Trailers (3%)	5	3.000%	1,729,510	70,425	525,532	16,289	423	6,690	5,134	10,310	1,660	24,236	1.40%
- Subtotal			178,480,116	15,986,241	28,217,082	2,508,037	95,917	1,518,693	1,185,492	2,354,067	244,285	5,398,453	3.02%
- Subtotal Average Mill Levy			0.5%	0.9%	0.2%	0.5%	6.00	95.00	74.16	147.26	97.40	337.69	
Livestock													
Horses	6	4.000%	54,589,531	2,187,191	632,495	25,367	13,123	207,783	170,014	321,562	2,377	714,859	1.31%
Cattle	6	4.000%	667,116,868	26,685,546	419,343	16,773	160,113	2,535,127	2,103,760	3,695,480	1,385	8,495,866	1.27%
Sheep	6	4.000%	14,990,772	599,522	112,14	447	3,597	56,955	55,731	77,769	22	194,074	1.29%
Swine	6	4.000%	2,288,161	91,595	0	0	550	8,702	7,735	13,094	0	30,080	1.31%
Other Livestock	6	4.000%	6,554,431	262,145	56,172	2,246	1,573	24,904	19,584	37,073	251	83,385	1.27%
- Subtotal			745,539,763	29,825,999	1,119,224	44,833	178,956	2,833,470	2,356,825	4,144,978	4,035	9,518,264	1.28%
- Subtotal Average Mill Levy			2.1%	1.7%	0.0%	0.0%	6.00	95.00	79.02	138.97	90.00	319.13	

Tax Year 1994

Market and Taxable Values for Tax Year 1994
By Property TypeEstimated Taxes Levied for Tax Year 1994
By Property Type

Property Type	Class	Tax Rate	1994 Total				1994 Total				1994 Taxes Levied by:				Total Estimated 1994 Taxes Levied	Effective Tax Rate	Average Mill Levy for Property Type
			Assessed Value	Taxable Value	1994 Total	Assessed Value Within Cities/Towns	1994 Total	Taxable Value Within Cities/Towns	University (6mills)	State Equalization (95 mills)	County	Local Schools	Cities/Towns				
Utilities Real																	
Electric Companies Real	9	12.000%	1,112,015,795	133,441,892	14,116,911	1,694,028	800,651	12,676,980	4,595,664	9,643,380	143,307	21,859,982	2.51%	208.78			
Gas & Electric Companies Real	9	12.000%	1,002,280,221	120,273,623	34,344,139	4,121,293	721,642	11,425,994	6,428,583	12,995,574	413,996	31,985,789	3.19%	265.94			
Rural Co-op companies Real	5	3.000%	279,421,708	8,362,643	30,833,464	2,366,245	50,296	796,351	666,870	1,246,242	216,313	2,976,072	1.07%	355.03			
Railroads Real	12	7.150%	754,629,591	53,962,237	67,550,314	4,830,701	323,773	5,126,413	4,082,090	8,078,656	517,467	18,128,399	2.40%	335.95			
Airlines Real	12	7.150%	73,563,386	5,259,781	7,897,308	564,658	31,559	499,679	395,824	933,837	46,433	1,907,331	2.59%	362.63			
Pipelines Real	9	12.000%	299,762,222	35,971,468	898,591	119,829	215,829	3,417,289	2,543,938	5,121,420	14,278	11,312,754	3.77%	314.49			
Telecomm. Companies Real	9	12.000%	326,090,016	39,130,794	121,065,740	14,527,884	234,785	3,717,425	3,019,862	6,426,446	1,442,453	14,840,971	4.55%	379.27			
Indep. Tele. Companies Real	7	8.000%	7,391,339	591,308	2,680,767	317,793	3,548	56,174	45,057	91,340	28,715	224,834	3.04%	380.23			
- Subtotal			3,855,154,278	397,013,746	279,487,234	28,562,431	2,382,082	37,716,306	21,777,888	44,536,895	2,822,961	109,236,132	2.83%				
- Subtotal Percent of Column Statewide Total			10.9%	22.2%	2.3%	5.4%	6.00	22.2%	16.9%	16.7%	5.4%	17.4%					
- Subtotal Average Mill Levy								95.00	54.85	112.18	98.83	275.14					
Utilities Personal																	
Electric Companies Personal	9	12.000%	63,713,565	7,645,628	4,191,064	502,927	45,874	726,335	415,530	836,568	47,687	2,071,994	3.25%	271.00			
Gas & Electric Companies Personal	9	12.000%	397,732,778	47,727,940	155,114,679	18,613,755	286,368	4,534,154	3,793,750	8,087,792	1,856,347	18,556,411	4.67%	388.84			
Rural Co-op companies Personal	5	3.000%	103,939,218	3,118,173	25,733,586	772,015	18,709	296,226	242,440	467,613	78,388	1,103,376	1.06%	353.85			
Railroads Personal	12	7.150%	20,887,265	1,501,437	3,663,008	263,334	9,009	142,637	108,402	263,289	33,855	557,192	2.67%	371.11			
Airlines Personal	12	7.150%	3,329,420	238,051	1,450,269	103,695	1,428	22,615	17,921	42,195	9,132	93,291	3.86%	391.89			
Pipelines Personal	9	12.000%	67,242,189	8,069,064	3,533,359	424,006	48,414	766,561	608,749	1,177,340	59,312	2,660,375	3.96%	329.70			
Telecomm. Companies Personal	9	12.000%	240,430,709	28,851,685	162,050,716	19,446,088	173,110	2,740,910	2,225,137	4,808,547	1,763,221	11,710,924	4.87%	405.90			
Indep. Tele. Companies Personal	7	8.000%	3,138,633	251,090	187,399	14,992	1,507	23,854	17,305	36,556	153,521	232,742	7.42%	926.93			
- Subtotal			900,413,777	97,403,068	355,944,080	40,140,812	584,418	9,253,291	7,429,234	15,719,900	4,001,462	36,988,306	4.11%				
- Subtotal Percent of Column Statewide Total			2.5%	5.5%	3.0%	7.6%	5.5%	5.5%	5.8%	5.9%	7.6%	5.9%					
- Subtotal Average Mill Levy							6.00	95.00	76.27	161.39	99.69	379.74					
Statewide Total																	
- Statewide Average Mill Levy			35,386,179,314	1,787,064,555	11,931,068,997	529,562,849	10,722,387	169,771,133	128,689,051	266,697,457	52,643,794	628,523,821	1.78%	351.71			
							6.00	95.00	72.01	149.24	99.41	351.71					

Compiled from data submitted to the Department of Revenue by County Assessors.
Estimated taxes levied for tax year 1994 based on tax year 1994 taxable values and tax year 1994 mills levied for state, county, local school, and city/town purposes.
Office of Research and Information, Montana Department of Revenue, December 1994.

4-4-13
SB 417

Assessed Value of Class 8 Business Equipment
 (Excluding Equipment Receiving Local Option Abatement)
 Change in Assessed Value 1990 to 1994 By County

4/4/95
 SB 417

	1990	1994	Change	Annual Growth Rate
Beaverhead	26,751,396	28,978,941	2,227,545	2.0%
Big Horn	120,218,977	112,263,702	(7,955,275)	-1.7%
Blaine	20,002,890	24,462,173	4,459,283	5.2%
Broadwater	18,331,848	19,157,662	825,814	1.1%
Carbon	17,946,711	22,471,040	4,524,329	5.8%
Carte	8,577,392	10,548,560	1,971,168	5.3%
Cascade	81,542,955	95,916,608	14,373,653	4.1%
Chouteau	48,350,246	52,766,112	4,415,866	2.2%
Custer	16,680,613	21,285,153	4,604,540	6.3%
Daniels	14,805,528	15,926,238	1,120,710	1.8%
Dawson	25,678,997	27,992,271	2,313,274	2.2%
Deer Lodge	6,319,239	12,184,942	5,865,703	17.8%
Faillon	36,643,854	32,504,001	(4,139,853)	-3.0%
Fergus	39,819,416	49,543,629	9,724,213	5.6%
Flathead	122,709,685	144,536,518	21,826,833	4.2%
Gallatin	92,659,972	115,124,750	22,464,778	5.6%
Garfield	9,295,119	12,045,246	2,750,127	6.7%
Glacier	27,894,830	29,786,895	1,892,065	1.7%
Golden Valley	4,929,182	5,072,635	143,453	0.7%
Granite	9,410,149	11,265,525	1,855,376	4.6%
Hill	46,615,094	50,655,879	4,040,785	2.1%
Jefferson	56,954,932	85,930,247	28,975,315	10.8%
Judith Basin	11,285,164	14,121,356	2,836,192	5.8%
Lake	25,534,378	35,261,011	9,726,633	8.4%
Lewis And Clark	63,634,605	80,770,248	17,135,643	6.1%
Liberty	19,228,492	21,794,870	2,566,378	3.2%
Lincoln	80,145,287	53,052,276	(27,093,011)	-9.8%
Madison	36,443,359	38,909,145	2,465,786	1.7%
McCone	20,312,128	20,599,035	286,907	0.4%
Meagher	7,941,082	9,713,926	1,772,844	5.2%
Mineral	9,785,413	11,514,013	1,728,600	4.2%
Missoula	236,325,965	248,382,156	12,056,191	1.3%
Musselshell	12,323,603	12,468,574	144,971	0.3%
Park	22,187,466	30,872,956	8,685,490	8.6%
Petroleum	2,877,962	5,149,881	2,271,919	15.7%
Phillips	38,799,382	52,022,462	13,223,080	7.5%
Pondera	30,269,660	32,950,750	2,681,090	2.1%
Powder River	17,773,994	19,592,023	1,818,029	2.5%
Powell	17,468,413	13,553,293	(3,915,120)	-6.1%
Prairie	7,512,685	8,937,022	1,424,337	4.4%
Ravalli	28,560,625	37,562,574	9,001,949	7.1%
Ricanland	75,926,321	69,210,171	(6,716,150)	-2.3%
Roosevelt	38,479,924	37,995,035	(484,889)	-0.3%
Rosebud	116,302,328	132,726,538	16,424,210	3.4%
Sanders	14,184,553	14,110,841	(73,712)	-0.1%
Sheridan	44,375,743	39,374,637	(5,001,106)	-2.9%
Silver Bow	97,584,831	92,165,580	(5,419,251)	-1.4%
Stillwater	37,161,364	41,895,705	4,734,341	3.0%
Sweet Grass	7,980,371	10,639,778	2,659,407	7.5%
Teton	29,984,300	30,742,466	758,166	0.6%
Toole	41,683,808	42,071,331	387,523	0.2%
Treasure	5,082,942	5,805,678	722,736	3.4%
Valley	30,408,082	32,628,236	2,220,154	1.8%
Wheatland	6,364,332	9,372,320	3,007,988	10.2%
Wibaux	12,578,779	12,612,324	33,545	0.1%
Yellowstone	300,943,813	460,929,047	159,985,234	11.2%
TOTAL	2,399,590,179	2,759,925,985	360,335,806	3.6%

Assessed Value of Class 8 Business Equipment
 (Excluding Equipment Receiving Local Option Abatement)
Change in Assessed Value - 1990 to 1994 - By City/Town

	1990	1994	Change	Annual Growth Rate
Alberton	71,744	98,205	26,461	8.2%
Anaconda	2,742,191	3,560,976	818,785	6.7%
Bainville	82,755	52,737	(30,018)	-10.7%
Baker	1,258,706	1,341,612	82,906	1.6%
Bearcreek	30,031	69,875	39,844	23.5%
Belgrade	1,863,847	2,568,581	704,734	8.3%
Belt	169,873	221,001	51,128	6.8%
Big Sandy	645,576	539,055	(106,521)	-4.4%
Big Timber	1,754,616	2,202,550	447,934	5.8%
Billings	105,144,905	112,469,857	7,324,952	1.7%
Boulder	364,815	292,327	(72,488)	-5.4%
Bozeman	26,455,867	36,236,656	9,780,789	8.2%
Bridger	293,666	493,113	199,447	13.8%
Broadus	446,413	530,934	84,521	4.4%
Broadview	142,038	162,133	20,095	3.4%
Brockton	38,925	48,802	9,877	5.8%
Browning	640,837	742,059	101,222	3.7%
Cascade	191,768	301,654	109,886	12.0%
Chester	601,047	567,698	(33,349)	-1.4%
Chinook	812,442	1,016,383	203,941	5.8%
Choteau	1,107,794	1,055,817	(51,977)	-1.2%
Circle	1,019,626	672,113	(347,513)	-9.9%
Clyde Park	99,261	126,497	27,236	6.2%
Columbia Falls	6,133,234	16,906,663	10,773,429	28.9%
Columbus	6,283,168	10,593,391	4,310,223	13.9%
Conrad	2,778,503	2,990,298	211,795	1.9%
Culbertson	410,869	396,409	(14,460)	-0.9%
Cut Bank	4,312,124	4,298,871	(13,253)	-0.1%
Darby	246,217	279,387	33,170	3.2%
Deer Lodge	1,795,514	1,826,495	30,981	0.4%
Denton	240,148	214,510	(25,638)	-2.3%
Dillon	3,493,251	4,366,570	873,319	5.7%
Dodson	31,191	33,334	2,143	1.7%
Drummond	1,251,391	1,423,404	172,013	3.3%
Dutton	305,208	153,613	(151,595)	-15.8%
East Helena	15,326,664	19,473,240	4,146,576	6.2%
Exalaka	285,527	108,027	(177,500)	-21.6%
Ennis	878,576	966,099	87,523	2.4%
Eureka	738,951	751,376	12,425	0.4%
Fairfield	929,037	780,284	(148,753)	-4.3%
Fairview	551,316	355,343	(195,973)	-10.4%
Flaxville	61,065	34,260	(26,805)	-13.5%
Forsyth	1,578,140	1,599,683	21,543	0.3%
Fort Benton	1,478,721	1,268,513	(210,208)	-3.8%
Fort Peck	51,266	72,104	20,838	8.9%
Froid	147,961	83,360	(64,601)	-13.4%
Fromberg	125,150	122,052	(3,098)	-0.6%
Geraldine	439,313	251,747	(187,566)	-13.0%
Glasgow	3,069,950	3,518,668	448,718	3.5%
Glendive	4,914,069	4,990,102	76,033	0.4%
Grass Range	45,361	37,896	(7,465)	-4.4%
Great Falls	52,779,229	60,517,697	7,738,468	3.5%
Hamilton	5,201,940	6,968,423	1,766,483	7.6%
Hardin	2,659,852	2,964,721	304,869	2.7%
Hanem	1,149,059	461,761	(687,298)	-20.4%
Harlowton	479,980	540,741	60,761	3.0%
Havre	5,799,404	6,456,047	656,643	2.7%
Helena	33,015,279	41,012,404	7,997,125	5.6%
Hingham	511,060	422,006	(89,054)	-4.7%
Hobson	78,188	68,248	(9,940)	-3.3%
Hot Springs	95,523	173,924	78,401	16.2%
Hysham	292,043	313,310	21,267	1.8%
Ismay	40,374	47,551	7,177	4.2%
Joliet	98,982	189,071	90,089	17.5%
Jordan	381,343	470,626	88,783	5.4%

Assessed Value of Class 8 Business Equipment
(Excluding Equipment Receiving Local Option Abatement)
Change in Assessed Value 1990 to 1994 By City/Town

	1990	1994	Change	Annual Growth Rate
Judith Gap	27,007	78,761	51,754	30.7%
Kalispell	17,729,588	23,885,905	6,156,317	7.7%
Kevin	47,071	61,396	14,325	6.9%
Laurel	3,205,869	3,836,601	630,732	4.6%
Lavina	48,258	138,955	90,687	30.3%
Lewistown	4,587,295	5,089,734	502,439	2.6%
Libby	3,615,846	3,561,962	(53,884)	-0.4%
Lima	141,993	123,368	(18,625)	-3.5%
Livingston	7,625,109	8,379,874	754,765	2.4%
Lodge Grass	142,355	112,977	(29,378)	-5.6%
Malta	1,659,675	1,761,662	101,987	1.5%
Manhattan	394,435	936,525	542,090	24.1%
Medicine Lake	183,783	162,218	(21,565)	-3.1%
Melstone	73,583	83,567	9,984	3.2%
Miles City	6,527,884	8,095,938	1,568,054	5.5%
Missoula	52,655,478	69,526,591	16,871,113	7.2%
Moore	505,250	173,430	(331,820)	-23.5%
Nashua	155,013	104,757	(50,256)	-9.3%
Neihart	30,455	34,009	3,554	2.8%
Opheim	93,351	66,934	(26,427)	-8.0%
Outlook	64,553	12,696	(52,267)	-33.5%
Philipsburg	394,671	719,314	324,443	16.2%
Pinesdale	8,636	24,387	15,751	29.6%
Plains	1,066,008	872,701	(193,307)	-4.9%
Plentywood	1,734,451	1,649,548	(84,913)	-1.2%
Plevna	66,615	50,192	(16,423)	-5.8%
Polson	4,088,974	4,447,834	358,860	2.1%
Poplar	511,025	522,187	11,162	0.5%
Red Lodge	1,538,198	2,328,396	790,198	10.9%
Richey	306,318	191,343	(115,475)	-11.1%
Ronan	2,146,956	2,857,156	710,190	7.4%
Roundup	980,159	970,202	(9,957)	-0.3%
Ryegate	98,487	100,665	2,178	0.5%
Saco	53,235	62,738	9,503	4.2%
Scobey	1,021,521	1,101,740	80,119	1.9%
Shelby	2,822,092	2,545,164	(276,928)	-2.5%
Sheridan	434,187	364,414	(69,773)	-4.3%
Sidney	3,981,290	4,183,434	202,144	1.2%
Stanford	351,979	280,899	(71,080)	-5.5%
Stevensville	788,346	1,051,639	263,293	7.5%
St. Ignatius	325,514	364,935	38,321	2.8%
Sunburst	299,254	171,014	(128,250)	-13.1%
Superior	553,520	870,269	316,649	12.0%
Terry	574,207	473,528	(101,279)	-4.7%
Thompson Falls	645,760	819,578	173,818	6.1%
Three Forks	664,015	642,240	(21,775)	-0.8%
Townsend	1,062,888	1,132,722	69,834	1.6%
Troy	571,452	524,836	(46,616)	-2.1%
Twin Bridges	284,873	339,110	54,237	4.5%
Valier	1,019,077	893,409	(125,668)	-3.2%
Virginia City	218,323	180,784	(37,539)	-4.6%
Walkerville	174,320	194,467	20,147	2.8%
West Yellowstone	3,486,637	4,011,848	525,211	3.6%
Westby	165,584	121,140	(44,444)	-7.5%
White Sulphur Sp	522,489	735,868	213,379	8.9%
Whitefish	5,473,095	7,248,073	1,774,978	7.3%
Whitehall	517,897	526,685	8,788	0.4%
Wibaux	419,915	307,972	(111,943)	-7.5%
Winifred	90,448	110,096	19,648	5.0%
Winnett	37,038	50,772	13,734	8.2%
Wolf Point	2,025,625	2,089,897	63,272	0.8%
TOTAL	447,506,434	535,233,920	88,727,486	4.6%

Class 4 Residential and Commercial Real Property

	Assessed Value	Taxable Value	Estimated Taxes Paid	Avg Mill Levy
1990	17,933,887,459	687,196,347	247,687,684	360.43
1991	18,540,630,238	710,356,309	261,511,999	368.14
1992	19,027,149,381	728,743,201	271,234,159	372.19
1993	21,220,228,122	812,128,252	311,785,911	383.91
1994	21,552,014,767	824,724,682	326,651,412	396.07

Percent Change from the Previous Year

	Assessed Value	Taxable Value	Estimated Taxes Paid	Avg Mill Levy
1991	3.4%	3.4%	5.6%	2.1%
1992	2.6%	2.6%	3.7%	1.1%
1993	11.5%	11.4%	15.0%	3.1%
1994	1.6%	1.6%	4.8%	3.2%

Avg Annual Percent change from 1990 to 1994

Assessed Value	Taxable Value	Taxes Paid	Mill Levy
4.7%	4.7%	7.2%	2.4%

Annual Growth Rate 1990 to 1994

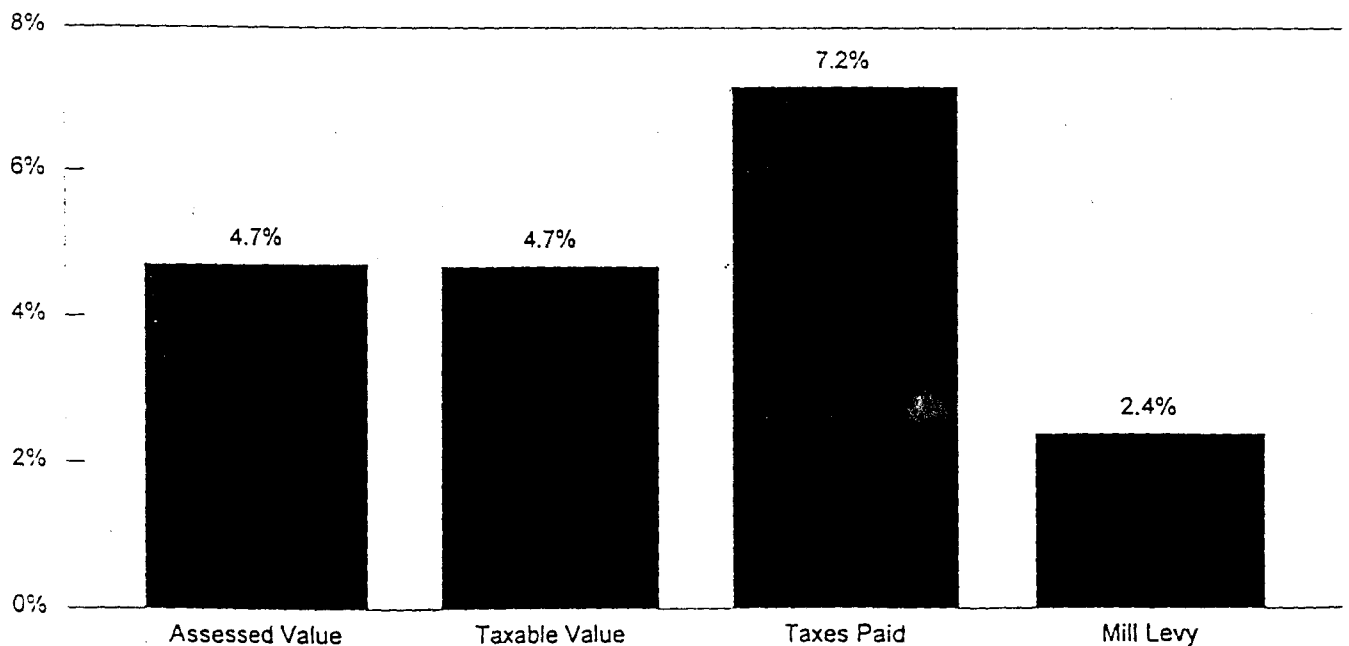


EXHIBIT 4
DATE 4/4/95

SB 417
Sheriff/Coroner
GENE PEIGNEUX

COUNTY COMMISSIONERS

PHILLIPS COUNTY

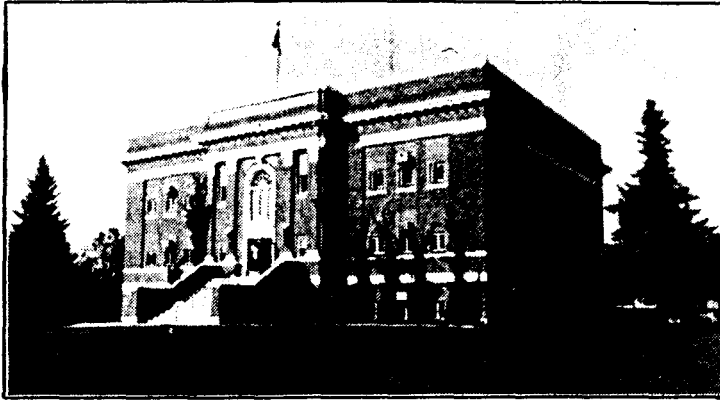
WAYNE C. STAHL
Saco, Montana

CAROL KIENENBERGER
Dodson, Montana

FRANCIS V. JACOBS
Malta, Montana

Clerk & Recorder
LAUREL N. HINES

Treasurer/Assessor
JEAN MAVENCAMP



Malta, Montana 59538

Clerk of Court
FRANCES WEBB

Superintendent of School
GARY A. BADEN

County Attorney
EDWARD A. AMESTOY

Justice of Peace
GAYLE STAHL

District Judge
JOHN C. McKEON

April 1, 1995

TO: MEMBERS OF THE HOUSE AND SENATE

FROM: PHILLIPS COUNTY COMMISSIONERS

RE: SUPPORT FOR THE FOLLOWING BILLS: HB 2, HB 389, SB 55, SB204
OPPOSITION TO THE FOLLOWING BILLS: HB 297, HB 363, HB 473,
SB 417, SB 421, SB 424
RECOMMENDATION TO KEEP TABLED: HB 309, HB 593, HB 605

RECOMMEND DO PASS ON THE FOLLOWING:

HB 2; funding MODS: The Phillips County Commissioners are in support of the amendment to HB2 which provides for the funding of MODS as proposed by the Department of Revenue. If this is not funded within the DOR budget, Phillips County will not pay for this program as we have been opposed to it from the beginning.

HB 389: We have supported this bill from the beginning, however, if any amendments not proposed by Rep. Larson are adopted, we oppose this bill. We believe this bill gives counties the opportunity to reinstate an elected assessor as well as define where the county tax records will be maintained.

SB 55: We are adamantly in support of this bill which clarifies the responsibility of the Department of Family Services for the payment of administrative costs associated with the provision of protective services. The counties cannot bear this cost!!

SB 204: This bill which clarifies existing enforcement authority under the Public Water Supply Laws sets some much needed parameters. We support this bill.

RECOMMEND DO NOT PASS ON THE FOLLOWING:

HB 297: We feel the dollars are better used where they are without the distribution change found in this bill. We believe the rural eastern counties would be short changed and the projects the DOT has scheduled for this area would not be done. The additional dollars our county would receive would not enable us to finance the needed projects.

HB 363: We adamantly oppose revising the classification, of motor vehicles and trailers.

HB 473: The proposed bill to revise the Subdivision and Platting Act has been spoken against by the counties and planners. We also oppose this bill, particularly the language found in subsection (1) found in New Section 10. If this part is not amended, kill the bill.

SB 417: We adamantly oppose this bill as it is detrimental to the counties and is dependent upon a percentage reimbursement by the state to the counties. These promises, made by the state to the counties, are never funded at the levels promised and they are only good until the legislature meets again. Do not pass this bill.

SB 421: We strongly oppose setting a new tax freeze at the 1994 levels. Phillips County is still able to maintain taxing levels at less than what was set by I 105 and this would be a detriment. We oppose SB 421.

SB 424: We are in opposition to this bill which would revise the LGST payments.

RECOMMENDATIONS TO KEEP TABLED ON THE FOLLOWING:

HB 309: We are not satisfied with the language in this bill and have requested delaying passage so as to come to an agreement with other counties and the drafters of the bill. We urge you to keep this bill tabled.

HB 593: We oppose this bill which would make many changes to the Public Service Commission. Please keep it tabled.

HB 605: We support the junk vehicle program in the state as it is now operating. We feel it provides a valuable service and is well regulated. This bill has also been tabled, please keep it there.

Please seriously consider our comments on the above legislation.

Sincerely,
BOARD OF COUNTY COMMISSIONERS

abs.
Wayne Stahl, Chairman

Carol Kienenberger
Carol Kienenberger, Member

abs.
Francis Jacobs, Member

SB 417
MACo REIMBURSEMENT ANALYSIS

<u>LEGISLATIVE SESSION</u>	<u>FISCAL YEAR</u>	<u>RATE</u>	<u>HB 20 REIMBURSEMENT (Millions)</u>	<u>SB 417 REIMBURSEMENT (Millions)</u>	<u>TOTAL (Millions)</u>	<u>BIENNIUM TOTAL (Millions)</u>
1997	1998	8.00%	\$17.5	\$10.3	\$27.8	\$65.7
	1999	7.00%	17.5	20.4	37.9	
1999	2000	6.00%	17.5	30.9	48.4	92.0
	2001	90.00%			43.6	
2001	2002	80.00%			38.7	72.6
	2003	70.00%			33.9	
2003	2004	60.00%			29.0	53.2
	2005	50.00%			24.2	
2005	2006	40.00%			19.4	33.9
	2007	30.00%			14.5	
2007	2008	20.00%			9.7	<u>14.5</u>
	2009	10.00%			4.8	
	TOTAL					<u>\$331.9</u>

EXHIBIT 5
DATE 4/4/95
~~##~~ SB 417



CITY OF BILLINGS

OFFICE OF CITY ADMINISTRATOR

P.O. BOX 1178
BILLINGS, MONTANA 59103
(406) 657-8433

FAX (406) 657-8390

EMAIL: mswatson @ billings.lib.mt.us



To: Members of the House Taxation Committee
Montana Legislature

Re: Senate Bill 417

Dear Committee Members,

The City of Billings desires to make the House Taxation Committee aware of the fiscal impact of upon this community. We are aware that the Committee will meet on this bill on Tuesday, April 4th. We hope you will carefully weigh the fiscal impacts that will be felt in your state's largest city.

S.B. 417 will have an overall effect of reducing taxable value in Yellowstone County by 6.41%. As we look at projections, we can anticipate an impact of \$792,570 for all Yellowstone County cities and towns when this reduction is ultimately phased out.

We want the committee to equate this reduction to actual impacts upon a city government such as Billings. Communities are dependent upon growth, so recent efforts to limit or cap growth would pose devastating impacts when accompanied with S.B. 417. Billings property taxes are capped by limited mill levies anyway, so it requires a vote of our citizens to increase taxes, such as they recently did with the City/County library for 5 additional mills.

Under S.B. 417, Billings would face an estimated reduction of \$591,700. This is broken down as follows: General Fund @ \$323,300, Transit Fund @ \$49,700, Library Fund @ \$41,200 and the Tax Increment District @ \$177,500.

These reductions equate to important services. The Library impact would equate to 1,000 books or reduced staff/hours. The General Fund represents the services of streets and public safety to our citizens. A \$323,300 reduction would equate to serious reassessments in staffing for all areas including public safety. Maintenance on city streets would be deferred. The City's Transit operations would feel impacts on bus servicing/routes which primarily serve the low income, elderly, handicapped and schoolchildren.

We request the Committee carefully consider the impact of this bill upon the residents of Billings and all residents of Montana. Due to increasing demands for public services across the state, the City of Billings would not recognize any great benefit with this bill. We urge you to consider opposing this bill.

Mark S. Watson
City Administrator, Billings

EXHIBIT 7
DATE 4/4/95
~~HB~~ SB 421

Amendments to Senate Bill No. 421
THIRD READING COPY

Amendment 1:

1. Page 7, line 26.

Insert: "(10) School district general fund budgets are subject to the voting requirements in 20-9-308. Property tax increases to fund the non-voted portion of the general fund budget as calculated in 20-9-308 are not subject to the limitations of this section."

Purpose:

This amendment makes SB 421 work with the school funding legislation enacted in 1993 (HB 667 and HB 22). Under HB667 and HB22 voter approval is required for increases in district general fund budget authority, regardless of the revenue source used to fund the additional budget authority.

The 1993 school legislation established minimum (BASE) and maximum budgets for school districts and limited school trustees' authority to raise budgets. All Montana school districts currently fall into one of three categories -- districts below BASE, districts between BASE and maximum, and districts above maximum. Districts below BASE are required to increase their budgets up to BASE by fiscal year 1997. Districts between BASE and maximum can only increase their budgets with a vote. Districts above maximum cannot increase their budgets and must get voter approval each year in order to stay above maximum (§ 20-9-308).

Amendment 2:

2. Page 7, line 20.

Following: "VALUATION"

Insert: "for reasons other than those cited in 15-10-412(2)"

Purpose:

To clarify that the limitation on statewide mill levy increases does not apply to expansion of the taxbase based on new construction, improvements, etc.

3. Page 5, line 25.

Following: "(i)"

Insert: "the general fund of"

Purpose:

To clarify that new subsection (i) refers to only the general fund.



**MONTANA ASSOCIATION
OF REALTORS®**

The Voice for Real Estate™ in Montana

EXHIBIT 8
DATE 4/4/95
~~SB~~ SB 421

EXECUTIVE OFFICES
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April 3, 1995

Ernie Dutton
245-9300

FOR IMMEDIATE RELEASE

Margaret Morgan
443-4032

MONTANA REALTORS® ENDORSE PROPERTY TAX CAPS

(Helena) The Montana Association of REALTORS® today announced its strong support for caps on property taxes in Montana. Ernie Dutton (Billings), the association's property tax task force chairman said the association will strongly endorse Senate Bill 421 (Harp-Kalispell) before the House Taxation Committee tomorrow (Tuesday).

Dutton said, "Senator Harp's bill will reinstate the thrust of CI-105. The Legislature eroded the impact of CI-105 in recent years." CI-105, passed by Montana voters in 1988, essentially froze property taxes.

While Senate Bill 421 freezes property taxes at the 1994 levels, the bill does allow for increases in property taxes if the increases are approved by voters. Dutton said, "the bill restricts automatic tax increases but allows local voters to choose their own level of taxation."

Dutton stated that the association supports SB 421 because the bill requires mill levies to decrease when property values increase. "In the past local and state governments have enjoyed a hidden windfall when the property values increase; no mill levy increase was needed to raise taxes." Dutton continued, "Senator Harp's bill assures that Montanans will not see automatic property tax increases just because the value of their homes and businesses increase. This is a long needed provision in Montana's tax law; we commend Senator Harp for bringing this bill forward."

Dutton noted that Montanans paid two thirds of a BILLION dollars in property taxes in 1993 (\$656,908,129.00. Montanans' property tax bills jumped over seven percent in a single year between 1993 and 1994 to \$704,098,278.00. Dutton noted that sixty one (61) percent or \$429,044,686.00 of the property tax Montanans paid in 1994 went to primary and secondary schools.

Property owners in _____ County paid \$ _____ (see attached sheets) _____ in property taxes in 1994.



TOTAL TAXES LEVIED - 1994

County	Cities and Towns Amount Levied	Special Improvement Districts Amount Levied	Levied for Cities, Towns and S.I.D.'s	Grand Total of All Taxes for All Purposes
Beaverhead	332,600	0	332,600	7,162,096
Big Horn	271,328	241,123	512,451	6,008,010
Blaine	304,842	453,888	758,730	5,250,474
Broadwater	118,012	5,892	123,904	4,061,187
Carbon	465,183	110,176	575,359	7,015,963
Carter	40,989	0	40,989	2,351,301
Cascade	6,195,326	3,871,228	10,066,554	48,153,870
Chouteau	249,845	185,538	435,383	9,476,476
Custer	927,781	719,954	1,647,735	8,032,571
Daniels	92,493	4,198	96,691	2,654,180
Dawson	799,444	478,452	1,277,896	8,942,941
Deer Lodge	53,023	496,077	549,099	5,374,192
Fallon	187,396	36,929	224,325	3,022,561
Fergus	778,604	243,861	1,022,465	9,279,135
Flathead	3,068,953	1,808,173	4,877,126	55,108,385
Gallatin	4,274,787	184,751	4,459,538	38,480,962
Garfield	17,743	128,449	146,192	1,881,452
Glacier	341,628	179,167	520,795	8,966,880
Golden Valley	16,359	0	16,359	1,568,111
Granite	132,812	20,110	152,922	3,287,510
Hill	1,140,186	1,007,770	2,147,956	13,256,013
Jefferson	148,890	0	148,890	8,420,913
Judith Basin	37,232	19,313	56,546	3,139,735
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Meagher	83,148	0	83,148	2,748,557
Mineral	91,872	0	91,872	3,787,952
Missoula	8,615,477	963,653	9,579,130	70,229,878
Musselshell	135,100	72,141	207,240	2,517,938
Park	1,035,786	57,650	1,093,436	10,682,991
Petroleum	11,627	0	11,627	632,883
Phillips	270,730	378,840	649,570	6,511,674
Pondera	281,313	208,196	489,510	6,234,483
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Roosevelt	316,434	451,714	768,148	8,967,794
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Wheatland	86,546	1,150	87,696	2,615,085
Wibaux	50,156	14,752	64,908	1,502,706
Yellowstone	11,518,723	10,655,844	22,174,567	102,344,995
	\$51,269,593	\$29,195,858	\$80,465,452	\$704,098,278

TAXES LEVIED IN MONTANA 1993 - 1994

	1993	1994
Market Valuation	\$ 30,893,878,847	\$ 35,386,179,314
Taxable Valuation	\$ 1,731,947,504	\$ 1,787,064,555
State		
University	\$ 10,378,589	\$ 10,728,359
School Equalization	164,327,660	169,865,680
State Assumption of Welfare	5,978,922	6,053,556
Timberland Assessment	361,990	0
	<u>\$ 181,047,161</u>	<u>\$ 186,647,595</u>
County		
General	\$ 45,659,049	\$ 41,332,450
Road	15,546,248	17,174,756
Bridge	5,885,882	6,116,101
Poor	5,999,031	4,533,073
Bond Interest	242,328	456,755
County Fair	1,974,216	1,886,702
Library	2,891,994	3,164,019
Agricultural Extension	1,665,357	1,779,234
Planning	688,926	709,938
Health and Sanitation	1,876,425	1,815,858
Hospital	1,527,760	1,326,583
Airport	1,112,968	1,108,633
Other	29,980,825	41,255,158
	<u>\$ 115,051,009</u>	<u>\$ 122,659,260</u>
Local Schools		
Elementary	\$ 132,257,482	\$ 145,883,458
High School	100,790,171	113,513,633
Vo-tech and Jr. College	4,033,175	4,049,825
	<u>\$ 237,080,828</u>	<u>\$ 263,446,916</u>
Miscellaneous Districts		
Fire	\$ 11,821,152	\$ 12,343,819
Other	33,922,734	38,535,237
	<u>\$ 45,743,886</u>	<u>\$ 50,879,056</u>
Total Except Cities and Towns	\$ 578,922,884	\$ 623,632,827
Cities and Towns		
General	\$ 50,054,495	\$ 51,269,593
Special Improvements	28,002,750	29,195,858
	<u>\$ 78,057,245</u>	<u>\$ 80,465,451</u>
Grand Total All Taxes	\$ 656,980,129	\$ 704,098,278

Montana Fiscal Forums

Volume 2, No. 4

March, 1995

Fiscal Forum News From Ravalli and Sanders Counties

As with our other nine fiscal forums, we continue to learn new things about the special challenges facing our state's very diverse communities. Our two newest forums have just emerged from their initial, "bootcamp" sessions. Both benefited from the updated Study Kits which include the four new pieces described in this Newsletter and both enjoyed strong logistical support and endorsements from county extension agents Rob Johnson and Jon Holpop. As we learn new things we are also reminded of some common themes, e.g., that discussing fiscal matters can be educational and fun (really!).

Comparing the 1994 population estimate with the 1990 Census, Ravalli County was the fastest growing county in Montana. It grew by 5,700 residents to 30,000, or by 22.8 percent. Adding that to Missoula County's figures — 7,000 new residents — probably makes "greater Missoula" the fastest growing area of the state. No wonder growth management is a hot issue! Sanders County also grew by some 1,000 new residents to 9,700, or by approximately 12 percent.

(See Forum News, Page 5)

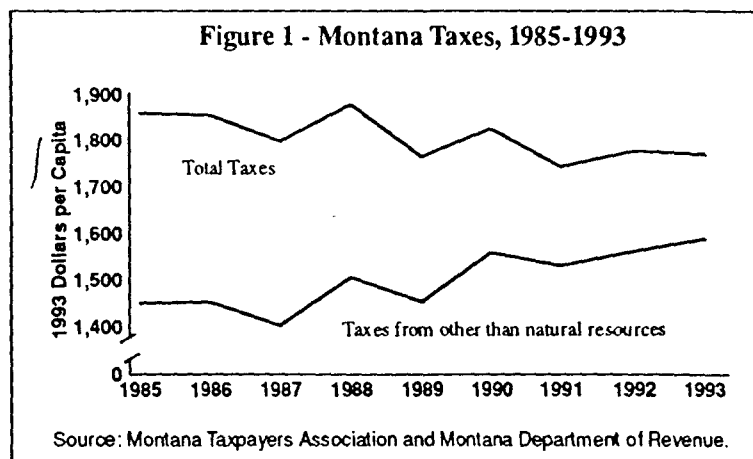
Focus on Property Taxes

New Data, Analysis & Graphics Now Available

Fiscally speaking, 1995 is becoming the year of the property tax. Because it is far and away our most important tax — twice the personal income tax — the property tax is our tax lightening rod. Following the narrow defeat of two tax and spending constitutional initiatives, CI-66 and CI-67, there has been a burst of new analysis and presentations of how and why property taxes are evolving. Viewed from the perspective of individual communities, the differences are enormous. Here we present the highlights of these studies and how to obtain them.

1. "Why Views on Taxes Differ"

In a short piece, which has been published in a handful of newspapers, Professor Doug Young explains why individual citizens correctly have very different perceptions of what is happening to their taxes. He offers three reasons why there might be quite different views on Montana tax trends. Figure 1 below traces the background for two of these reasons. The top line, total taxes per capita from 1985 to 1993, shows a downward trend in state and local taxes. This suggests why "tax spenders" — state legislators, schools, cities, towns and county governing authorities — have felt a budget pinch. The bottom line, taxes mostly paid by individual citizens (excluding tax liabilities that are largely exported to other states) shows an upward trend for Montana's taxpayers. Higher individual income taxes, gasoline taxes, and residential property taxes have fueled this rising trend. These two



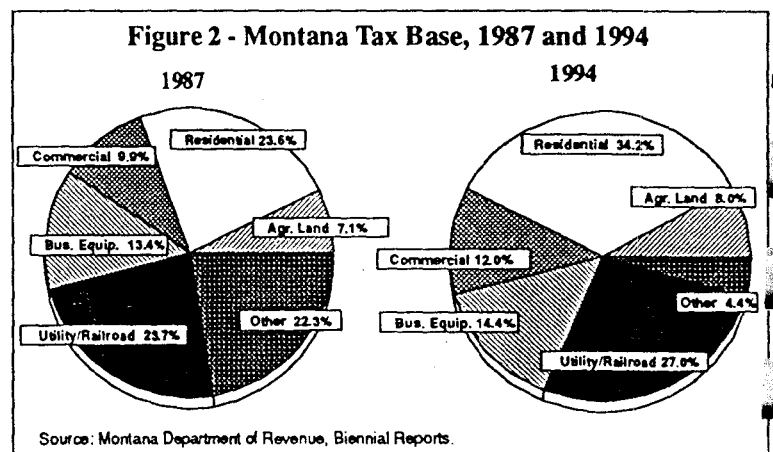
Property Tax Update (cont'd)

3. "Montana Property Taxes Since I-105"

This comprehensive analysis by Doug Young was first released as an Extension Service Bulletin and subsequently published in slightly reduced form in the Winter, 1994 *Montana Business Quarterly*. The article examines how the property tax, supposedly capped by voters in 1985, has evolved since then and why. After a short description of legislative interpretations of the I-105 initiative, he outlines what has happened to the property tax base, the mills charged against that falling base, and the resulting property taxes levied and how the taxes have been distributed among the units of local government — schools, towns, and counties. Professor Young reports that:

- In the mid- to late-1980s, the taxable value of natural resources for property tax purposes plummeted by almost \$700 million; all taxes from this sector fell by approximately \$210 million.
- Over these years residential and commercial property have become relatively and absolutely larger parts of the property tax base. (Figure 2 illustrates the fact that statewide these two classes of property went from about one-third of the 1987 tax base to nearly one-half in 1994.)
- Statewide from 1987 to 1994 mills charged against the tax base increased by 50%.
- Statewide over this period property taxes levied increased by 12 percent, from \$559 million to \$628 million (or by 21 percent to \$675 million in 1995).
- Schools received the lion's share of the increased taxes levied.
- Overall, increases in property taxes were somewhat lower than increases in income, but increases in residential property taxes were much greater — 35 percent — still slightly less than increases in total income — 47 percent.
- And the property tax experience varied considerably from tax district to district.

So, Montana's income increased substantially in the early 1990s after a decade of near stagnation. Income growth, like population growth, was especially notable in the larger, trade and service centers and these population and income trends were mirrored in what was happening to the property tax.



News from the Forums (cont'd)

Both Ravalli and Sanders Counties have a clutch of small towns — Hamilton, Darby, Stevensville, Pinesdale and Florence in the Bitterroot Valley and Thompson Falls, Plains, Hot Springs, Noxon and Trout Creek mostly in the lower Clark Fork Valley. Both counties are also experiencing lots of subdividing and new residential construction beyond those towns.

Even by Montana standards, both are low per capita income counties. Both, formerly heavily timber dependent, are now less so and both are now increasingly dependent upon "passive income" — retirement income, Medicare payments to providers, rents, interest and profits.

And both counties are now experiencing considerable school enrollment growth, especially Ravalli County. You might guess that they would have similar tax bases. Wrong. The major sources of public revenue for their schools and local government, the property tax bases, the mills and the taxes levied could hardly be more different.

Over the period 1987 to 1994 the tax base of Sanders County shrunk by 3.5 percent while the base for Ravalli County grew by 43 percent. The composition of the two tax bases appear to be almost

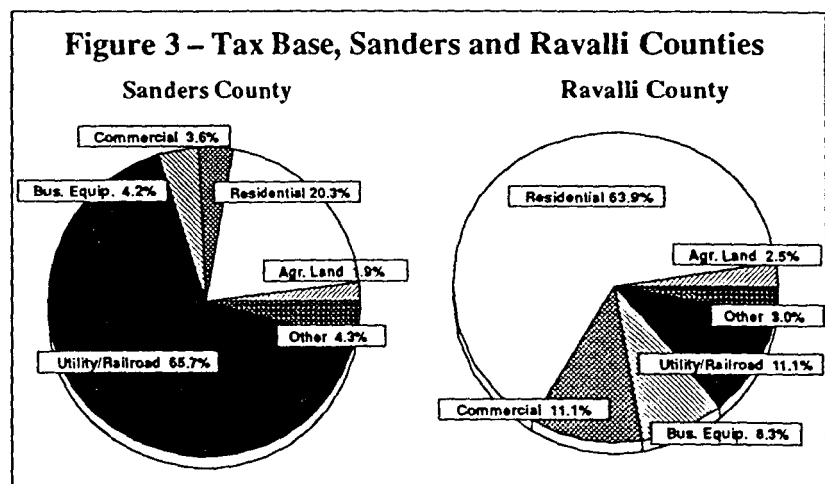
direct opposites. For Ravalli County 75 percent of the base is residential and commercial property (similar to Flathead County), while in Sanders County utilities, railroads and natural resources make up 70 percent of the base (see Figure 3, below).

Power dams, transmission lines and a railroad give Sanders County considerable "property tax wealth" — \$3,125 per person — and the absence of those types of facilities in Ravalli County makes it "property tax poor" — \$1,325 per person (see Table 2 on page 6). Homeowners and small businesses in the Bitterroot Valley carry a larger share of the property tax burden than their counterparts in Sanders County.

Is it any wonder that Ravalli County is home to some of Montana's tax revolt sentiments?

With dramatic changes underway in Ravalli and Sanders County, and the very great differences in their fiscal situations, it should be no surprise that citizen leaders are eager to review objective data and discuss current fiscal issues. Welcome aboard Sanders County and Bitterroot Fiscal Forums!

Over the period 1987 to 1994 the tax base of Sanders County shrunk by 3.5 percent while the base for Ravalli County grew by 43 percent.



Property Tax Wealth and Taxes Levied in Forum Counties (cont'd)

bases for our seven trade and service center counties versus our rural counties are as follows:

Tax Base Component	7 Trade Centers	Rural Counties
Residential and commercial prop.	66%	29%
Business equipment	14%	15%
Utilities/railroads/nat. resources	18%	43%
Agricultural land	2%	13%

In general, homeowners and small businesses pay a much larger share of the taxes in urban centers than their counterparts in rural counties and, in general, smaller

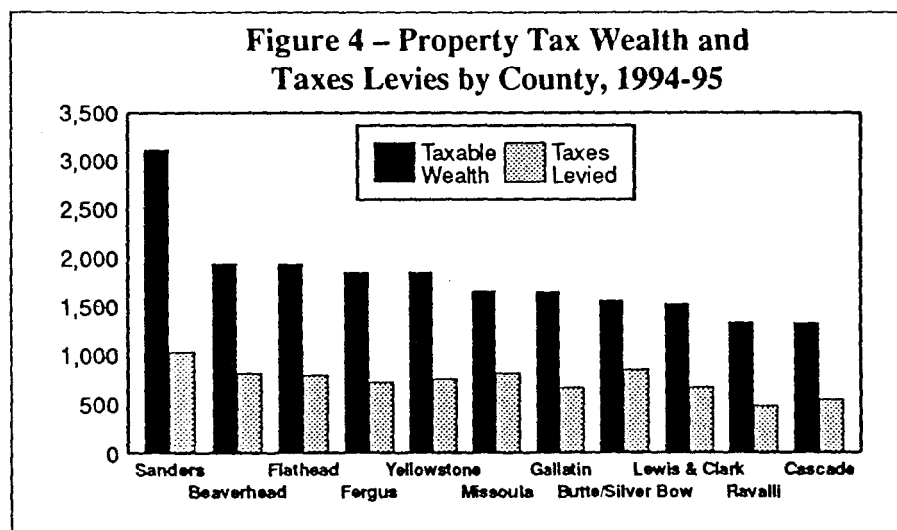
counties are "exporting" more of the property taxes levied than are their city counterparts.

So what does this all mean?

It could be argued that the ideal tax is one that Montana collects and someone else pays. Michigan taxes automobiles but most of the tax is exported along with the cars. Nevada taxes gambling, but its citizens really do not pay much of the tax. In Montana, we designed the property tax so natural resources, utilities and railroads and businesses generally would pay higher rates than would agricultural land, home owners and commercial properties.

But just as the structure of our economy is changing, so is the structure of our property tax base. In that regard, some of our rural counties seem to look more like our state's history, and some of our urban counties may look more like our future.

From the perspective of Montana's property tax base, some of our rural counties seem to look more like our history, and some of our urban counties may look more like our future.



Thanks to Ken Morrison, formerly Administrator, Property Assessment Division, Montana Department of Revenue, who developed the data for the presentations on property taxes by county.

EXHIBIT.

DATE

FB

9
4/4/94
SB 421

TOTAL TAXES LEVIED

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	\$51,269,593	\$29,195,858	\$80,465,452	\$704,098,278

EXHIBIT 10
DATE 4/4/95
~~#~~ SB421

SB421 TESTIMONY
HOUSE TAXATION COMMITTEE
APRIL 4, 1995

Presented by
Kathy Fabiano, Office of Public Instruction

SB421 would require school districts to vote a property tax increase, if one is needed, to fund the budgets adopted in six funds - the general fund, the transportation fund, the adult basic education fund, bus depreciation fund, tuition fund and non-operating fund.

Under current law, all six of these funds are already budgeted funds, meaning there is a public process for adopting the annual budget, but with the exception of the general fund, there ^{currently} is no public vote on a property tax increase, if needed, to fund these budgets. Instead, these five funds are restricted in Title 20 of the code to being used for very specific and limited purposes. The transportation fund can only be used to pay costs assoc with bussing kids to and from school. The bus fund can only be used to replace district buses and two way radios. Monies in the tuition fund can only be used to pay the cost of tuition agreements between district's, etc...

Notice that SB421 doesn't amend any of the restrictions and requirements in Title 20 - so it raises alot of questions as to which section of law will govern. What happens if a district is required by Title 20 to provide transportation to a particular student or group of students, or to pay tuition under a mandatory tuition agreement, but district taxpayers won't approve the tax increase needed to fund those costs?

I am particularly concerned about the requirement that fund balances in these funds be depleted before the electorate is asked to increase property taxes. The fund balances in these funds are restricted by law and are needed for cash flow purposes. The first significant source of revenue received in a district's transportation fund is from the Novemeber property tax payments - a fund balance is needed in this fund to pay warrants written between July 1 and December 1.

Like the other five funds affected by this bill, a district's general fund is also a budgeted fund and is subject to a public process, but unlike the other five funds the general fund also has voting requirements. The 1993 L. passed HB667, which rewrote the state's method of providing equalized funding to school districts and restricted district g.f. budgets more than ever -

- minimum and maximum budget limits,
- mandatory, minimum and maximum growth limits,

Districts fall into one of three categories - below BASE, between BASE and Maximum, and above maximum.

In the 1993 SS the Legislature adopted HB22 which further restricted district general fund budgets and added strict voting requirements to the HB667 funding formula. How the voting requirements apply to a district depends on which of the three categories its budget falls into. Under HB22

- districts at or above minimum budget level must vote any increase in their general fund budget over current level.
- budget growth was limited to a max of 4%
- districts budgeting in excess of their maximum budget limit must get voter approval just to stay there.
- districts with declining enrollment must lower their budget to reflect the decline and voter approval for any increase.

Now there's SB421, which like HB22, is adding voting requirements to the HB667 funding formula. But as I said this bill doesn't amend or repeal any of the requirements in TITLE 20. It takes a different approach to limiting property tax increases than the one taken in HBs 667 and 22 - and the two approaches don't work well together.

Under 667 districts ask voters to approve budget authority - not the revenue needed to fund that part of the budget. This means that, when a vote is required by 667, it is required regardless of the revenue source that will be used to fund that portion of the budget. Besides property taxes, districts could be using reappropriated dollars, nonlevy revenues, or reserves to fund a voted portion of their general fund budget.

Another significant difference between 667 and this bill is the way non-levy revenues are treated. Under 667 districts are not required to vote an increase in property tax revenue when the increase is needed to replace a declining nonlevy revenue source, like Local Government Severance Taxes, or to replace a one-time-only revenue source, like cash reappropriated.

SB421 would require districts to vote all property tax increases, including increases needed only to replace a declining revenue sources and maintain the district's current spending level. This requirement of SB421 would affect different districts in different ways, depending on which nonlevy revenue sources a district receives and whether those sources net to an increase or decrease between years.

Finally, HB667 allows districts to provide property tax relief through the use of one-time revenues like tax audit receipts and protested tax settlements. Districts that provide this kind of tax relief can, without a vote, restore taxes to their previous level in the next year and maintain current spending levels.

Sb421 will likely discourage districts from providing this kind of one-time property tax relief because in the next year, the district would need to get voter approval in order to restore property taxes to their previous level. Its reasonable to expect most districts

won't take a chance on getting that approval, and will use one-time revenues for purposes other than tax relief.

As I read SB421 voters could receive two propositions at the polls in April - one required by HB667 and asking for budget authority in a district's general fund, and another required by SB421 asking for an increase property taxes to fund as many as five funds, including the general fund. Some districts will need both propositions, some will only need the one required by HB667, some will only need the one required by SB421, and other districts won't need either one.

What happens if voters approve a district's request for additional budget authority - but turn down the same district's request for an increase in property taxes? Does the district have a budget that's out of balance - budgeted expenditures but no revenues to fund them?

Or what happens if voters approve the increase in property taxes, but turn down the request for additional budget authority? Does the district go ahead and levy the taxes, even though they won't have the budget in that year to spend the additional revenue?

This bill raises a number of questions regarding the administration and application of school budgeting laws under the combination of both this bill and the provisions of Title 20. The amendment offered by Senator Harp will serve to answer a lot of those questions, so if you decide to vote for this bill I hope you will also support the amendments.

FINAL

Aug-09-1994 06:59:20

Carbon County, Montana
Tax Levy Requirements Report
As of Jun-30-1994EXHIBIT 11 Page 1DATE 4/4/95~~HB~~ SB 421

Assessed Valuation:

Taxable Valuation: 19,496,695

Mill Yields: (10) 19,496.69

	(1)	(2)	(3) (1)+(2)	(4)	(5)	(6) (4)+(5)	(7) (3)-(6)	(8) (6)+(7)	(9) (7)/(10)
Fund	Budget	Cash Reserves	Total Required	Cash Available	Non-Tax Revenues	Total Non-Tax Resources	Property Tax Revenues	Total Resources	Mill Levy
00 GENERAL FUND	1,239,460	413,112	1,652,572	688,109	693,175	1,381,284	271,288	1,652,572	13.91
10 ROAD FUND	1,300,580	346,735	1,647,315	497,614	846,548	1,344,162	303,153	1,647,315	20.08
2120 POOR FUND	185,055	61,679	246,734	91,913	39,117	131,030	115,704	246,734	5.93
2130 BRIDGE FUND	285,890	95,287	381,177	164,325	99,322	263,647	117,530	381,177	6.03
50 PREDATORY ANIMAL FUN	3,000	0	3,000	508	50	558	2,442	3,000	0.00
60 FAIR FUND	28,996	9,656	38,652	12,844	6,508	19,352	19,300	38,652	0.99
70 AIRPORT FUND	41,300	13,765	55,065	37,382	7,539	44,921	10,144	55,065	0.52
2180 DISTRICT COURT	217,650	72,543	290,193	137,217	64,464	201,681	88,512	290,193	4.54
2190 NOXIOUS WEED FUND	107,550	35,846	143,396	46,805	38,427	85,232	58,164	143,396	2.98
2190 COUNTY EXTENSION FUN	40,076	13,357	53,433	27,586	11,757	39,343	14,090	53,433	0.72
2200 PUBLIC SAFETY FUND	467,735	103,510	571,245	140,927	63,371	204,298	366,947	571,245	18.82
2350 LOCAL GOVERNMENT REV	9,749	0	9,749	0	0	0	9,749	9,749	0.50
2360 MUSEUM FUND	7,842	0	7,842	638	2,330	2,968	4,874	7,842	0.25
380 GRASSHOPPER CONTROL	33,474	0	33,474	33,474	0	33,474	0	33,474	0.00
Total All Funds	3,968,357	1,165,490	5,133,847	1,879,342	1,872,608	3,751,950	1,381,897	5,133,847	75.27

City/County of Carleton

TAX LEVY REQUIREMENTS SCHEDULE

jurat 8/14/89

EXHIBIT 11
4-4-95
SB 421

Assessed Valuation: 299,623,726
Tax Valuation: 26,841,693
1 Mill Yields: (10) 26,841.69

211,064,293
23,003,419
23,003.42 } Road
H. West. H. P. W.

Fiscal Year: 19 89 - 90

Page No. _____

FUND NO.	FUND NAME	(1)	(2)	(3)=(1)+(2)	(4)	(5)	(6)=(4)+(5)	(7)=(3)-(6)	(8)=(6)+(7)	(9)=(7)÷(10)
		APPROPRIATION	CASH RESERVES	TOTAL REQUIREMENTS	CASH AVAILABLE	NON-TAX REVENUES	TOTAL NON-TAX RESOURCES	PROPERTY TAX REVENUES	TOTAL RESOURCES	MILL LEVY
1000	General	1,405,294	468,431	1,873,725	948,567	568,610	1,317,177	556,548	1,873,725	20.73
2110	Road	879,749	293,249	1,172,998	455,960	413,265	869,765	505,553	1,172,998	13.18
2120	Poor	213,536	71,112	284,448	179,533	11,250	191,125	93,265	284,448	3.47
2130	Bridges	202,500	67,500	270,000	132,730	13,740	152,470	117,530	270,000	4.32
2150	Pred. Animals	5,000	-	5,000	2,451	100	2,551	2,449	5,000	-
2160	Fair	34,000	11,333	45,333	26,226	1,025	27,251	18,032	45,333	.67
2170	Airport	52,300	10,933	45,733	25,047	3,305	27,352	15,321	45,733	.57
2180	District Court	149,642	47,822	199,530	99,476	23,450	122,926	76,624	199,530	2.25
2190	Wood	119,600	37,760	159,360	65,717	35,070	100,787	58,573	159,360	2.18
2290	Co. Extensions	60,010	20,013	80,013	51,042	3,570	54,612	25,401	80,013	.95
2360	Museum	2,415	2,805	11,250	3,975	530	4,505	6,715	11,250	.55
2391	Dracophorus	66,526	-	66,526	65,526	1,000	66,526	-	66,526	-
2400	Road Lighting	156,226	-	156,226	23,561	4,525	27,886	122,540	156,226	4.78
		3,533,164	1,035,009	4,568,172	2,025,211	880,880	2,946,091	1,403,081	4,568,172	54.01

Carbon

Fiscal Year: 19 86 - 87

Page No. _____

Assessed Valuation: 306,499,136
Tax Valuation: 29,383,291
1 Mill Yields: (10) 29,383.29

213, 223, 236. } Road
25, 370, 430 } 1 Draakopper
25, 370, 43 } 1 Draakopper

FUND NO.	FUND NAME	(1)	(2)	(3)=(1)+(2)	(4)	(5)	(6)=(4)+(5)	(7)=(3)-(6)	(8)=(6)+(7)	MILL LEVY
		APPROPRIATION RESERVES	CASH RESERVES	TOTAL REQUIREMENTS	CASH AVAILABLE	NON-TAX REVENUES	TOTAL NON-TAX RESOURCES	PROPERTY TAX REVENUES	TOTAL RESOURCES	
1000	General	1,234,018	411,339	1,645,357	484,625	418,954	913,579	731,778	1,645,357	24.90
2110	Lead	592,070	197,356	789,426	227,423	258,770	486,193	303,233	789,426	11.95
2120	Poor	172,442	57,480	229,922	75,436	74,15	82,851	147,071	229,922	5.01
2130	Bridge	206,785	68,928	275,713	111,625	46,558	158,183	117,530	275,713	4.00
2150	Proctery General	2900		2900	359		359			
2160	Fair	24,000	8,000	32,000	14,478	1,222	12,700	19,300	32,000	.66
2170	Pinpoint	57,000	19,000	76,000	23,577	738	24,315	51,685	76,000	1.76
2180	Pinpoint Court	119,705	39,901	159,606	46,975	24,119	71,094	88,512	159,606	3.01
2190	Unland	240,615	5,530	246,145	114,110	73,239	187,349	58,796	246,145	2.00
2290	County Extension	55,432	18,477	73,909	21,278	2,968	24,246	49,663	73,909	1.69
2360	Thurmond Dist	7,524	507	8,031	179	452	631	7,400	8,031	.25
2390	Thurmond, Central	50,740								2.00
2763	2763 231				117,063	844,435	1,961,408	1,574,968		57.23

TRENDS IN NEW/INTERIM PRODUCTION and LGST REVENUES for CARBON COUNTY

1993 = \$159,523.23
 1994 = \$133,087.80
 1995 = 94,726.40 } NEW/INTERIM Production

Down \$26,435.43 from '93 to '94 or 16.57%
 Down \$38,361.40 from '94 to '95 or 28.82%

11/90 \$584,928. } \$1,266,526
 6/91 681,598 }

11/91 659,853 }
 5/92 946,421 } 1,606,274
 Dec. 27%

11/92 654,206 }
 5/93 662,087 } 1,316,293.
 Dec. 18%

11/93 615,453 }
 5/94 629,921 } 1,245,374
 Dec. 5.4%

11/94 554,668 }
 11/94 Comparison to 11/93 = 9.7% DE
 EX 11
 4-5-15
 284

April 4, 1995

EXHIBIT 12
DATE 4/4/95
~~HB~~ SB 421

To: Representative Hibbard, Chairman of House Taxation Committee
and all House Taxation Committee members

From: Dennis J. Parman, representing 12 North Central Montana School Districts

My testimony is in opposition to SB 421 as it exists in it's current form before the committee. We are aware that there may amendments proposed to the committee in regards to this bill, which we may contemplate giving our support, but as I will explain given the uncertain nature of many elements of this bill it may be difficult to lend complete support to some of these amendments.

We have talked asked attorneys, Certified Public Accountants, the Department of Revenue, the Office of Public Instruction, other school officials, and key Legislators (who have favored or supported this bill in the Senate) to review this bill. The net result of all of our conversations and their review has been confusion. There is no consensus among any of these people regarding a myriad of issues that we will briefly address below.

There is immense debate about whether the current language and/or amendments answer the following question **"Will local voters need to vote twice to approve school General Fund budget spending and taxing authority?"** (One election April 4th for budget authority and another on a different date for mill levy approval) Some say yes, others say no. There appears to be no way to guarantee an answer to this question before it leaves your committee or even the Legislature to ward off a legal opinion that ultimately may be needed to answer this question.

Most schools have variable sources of Non-Levy Revenue that they often have no control over. As SB 421 currently reads, there is uncertainty concerning, **"If a school district has a reduction in Non-Levy Revenue do they have to ask for voter approval to replace these dollars with local property tax dollars to fill for this loss, as this would change the number of mills needed to fund this portion of a schools BASE budget?"** Again there seems to be no clear answer.

Many years ago some school districts reappropriated year end fund balances to help fund the next year's budget. These districts have seen the lack of wisdom in this practice and have been scheduling the graduated depletion of these funds to protect an abrupt tax impact on local taxpayers. In applying this "graduated depletion" a district will have fewer dollars available to fund next year's budget and this will leave a revenue shortfall. The question relating to this issue is similar to that regarding Non-Levy Revenue, **"If a school district has a reduction in dollars available to reappropriate do they have to ask for voter approval to replace these dollars, as it would require local property tax dollars to fill for this loss?"** Uncertainty prevails again.

Public Schools Represented by this testimony:

1. Augusta
2. Brady
3. Cascade
4. Choteau
5. Conrad
6. Cut Bank
7. Dutton
8. Fairfield
9. Power
10. Shelby
11. Sunburst
12. Valier

EXHIBIT 13
DATE 4/4/95
HB SB 421

TO: Legislative House Taxation Committee 421

FROM: Tom Cotton, Superintendent, Deer Lodge Elementary School Dist. #1

RE: A Comparison of District Budgets -- FY 94 & 95

The following data was compiled by Dr. Jack Gilchrist of Montana State University. The data was received from the Office of Public Instruction. My comments will generalize the budgeting changes that have occurred in school districts across the State of Montana from FY 94 to FY 95.

1. In 1994 the average elementary per ANB was \$3,478.98 and in 1995 it is \$3,417.24.
2. In 1994 the average secondary spending per ANB was \$4,809.73 and in 1995 it is \$4,595.29.
3. In 1994 state revenue comprised 71 percent of elementary general fund sources and in 1995 this dropped to 70 percent.
4. In 1994 state revenue comprised 66 percent of secondary general fund sources and in 1995 this remained constant at 66 percent.
5. In 1994 the fund balance reappropriated in elementary was 3 percent and in 1995 it is 2 percent.
6. In 1994 the fund balance reappropriated in secondary was 4 percent and in 1995 it is 2 percent.
7. In 1994 the reliance on property taxes for the general fund in elementary was 22 percent and in 1995 it is 24 percent.
8. In 1994 the reliance on property taxes for the general fund at the secondary level was 24 percent and in 1995 it is 26 percent.
9. The non-levy revenue remained constant from 94-95.
10. The disparity ratio between the 95th and 5th percentile still does not meet the equity test in any category by size.

In general the lack of increased participation by the stated has led to a greater reliance on property taxes while per pupil expenditures has dropped. It would also appear that districts have fewer dollars available to cash reappropriate. The disparity ratios still do not meet the accepted differential of 1 to 1.25 in any category.

<u>FUND</u>	<u>YEAR</u>	<u>MILLS</u>	<u>CASH REAPPROPRIATED</u>
General	1990-91	63.95	- 0 -
Transportation	1990-91	8.04	\$37,420.90
Debt Service	1990-91	- 0 -	\$137,313.77
	1990-91	TOTAL	<hr/> \$174,734.67
General	1991-92	82.65	- 0 -
Bus Depreciation	1991-92	5.17	\$52,697.00
Debt Service	1991-92	3.19	\$87,161.76
	1991-92	TOTAL	<hr/> \$139,858.76
General	1992-93	81.11	\$91,799.00
Transportation	1992-93	- 0 -	\$76,469.00
Bus Depreciation	1992-93	6.01	\$46,436.00
Tuition	1992-93	- 0 -	\$5,097.00
Retirement	1992-93	- 0 -	\$119,189.00
Debt Service	1992-93	- 0 -	\$147,208.85
	1992-93	TOTAL	<hr/> \$486,198.85
General	1993-94	78.66	\$99,525.00
Transportation	1993-94	1.54	\$46,376.00
Bus Depreciation	1993-94	6.58	\$208,550.00
Tuition	1993-94	- 0 -	\$8,792.00
Retirement	1993-94	- 0 -	\$80,342.00
Debt Service	1993-94	- 0 -	\$133,847.00
	1993-94	TOTAL	<hr/> \$577,432.00
General	1994-95	92.68	\$83,165.00
Transportation	1994-95	8.70	\$5,142.00
Bus Depreciation	1994-95	6.19	\$189,973.00
Tuition	1994-95	- 0 -	\$5,638.37
Debt Service	1994-95	- 0 -	\$105,052.00
	1994-95	TOTAL	<hr/> \$388,970.37
General Fund - All Years			\$274,489.00
Transportation Fund - All Years			\$165,407.90
Debt Service Fund - All Years			\$610,583.38
Bus Depreciation Fund - All Years			\$497,656.00
Tuition Fund - All Years			\$19,527.37
Retirement Fund - All Years			\$199,531.00
GRAND TOTAL			<hr/> \$1,767,194.65

EXHIBIT 14
 DATE 4/4/95
SB 421

Allee
Hanson

CITY/TOWN	1987 TAXABLE VALUE	1994 TAXABLE VALUE	AMOUNT OF CHANGE
ALBERTON	169,294	240,861	71,567
ANACONDA-DEER LODGE	4,396,558	4,373,120	-23,438
BAINVILLE	211,171	170,657	-40,514
BAKER	1,966,963	1,433,495	-533,468
BEARCREEK	35,979	45,083	9,104
BELGRADE	2,805,895	3,662,154	856,259
BELT	329,524	433,371	103,847
BIG SANDY	671,851	655,047	-16,804
BIG TIMBER	1,741,664	1,798,940	57,276
BILLINGS	130,424,574	123,386,891	-7,037,683
BOULDER	672,833	761,976	89,143
BOZEMAN	23,712,379	32,560,290	8,847,911
BRIDGER	627,581	630,461	2,880
BROADUS	715,419	490,387	-225,032
BROADVIEW	157,122	216,447	59,325
BROCKTON	84,162	71,465	-12,697
BROWNING	367,214	453,577	86,363
BUTTE-SILVER BOW	0	0	
CASCADE	505,486	612,802	107,316
CHESTER	686,215	820,409	134,194
CHINOOK	1,308,640	1,321,887	13,247
CHOTEAU	1,681,672	1,488,896	-192,776
CIRCLE	918,475	664,022	-254,453
CLYDE PARK	207,949	221,138	13,189
COLUMBIA FALLS	3,339,147	4,796,467	1,457,320
COLUMBUS	1,753,412	3,176,620	1,423,208
CONRAD	2,819,407	2,688,360	-131,047
CULBERTSON	710,543	649,527	-61,016
CUT BANK	3,526,890	3,280,923	-245,967
DARBY	493,861	562,397	68,536
DEER LODGE	2,547,304	2,719,805	172,501
DENTON	279,900	243,349	-36,551
DILLON	3,437,910	3,911,576	473,666
DODSON	106,223	91,947	-14,276
DRUMMOND	291,757	537,700	245,943
DUTTON	309,161	297,667	-11,494
EAST HELENA	3,475,494	4,123,415	647,921
EKALAKA	307,519	196,169	-111,350
ENNIS	924,231	1,246,435	322,204
EUREKA	841,197	933,392	92,195
FAIRFIELD	630,466	803,273	172,807
FAIRVIEW	749,881	537,162	-212,719
FLYVILLE	93,328	66,622	-26,706

LIBBY	3,219,984	3,005,482	-214,502
LIMA	175,395	192,553	17,158
LIVINGSTON	7,917,460	8,577,284	659,824
LODGE GRASS	191,574	178,314	-13,260
MALTA	2,526,832	2,277,961	-248,871
MANHATTAN	910,803	1,303,592	392,789
MEDICINE LAKE	262,760	197,288	-65,472
MELSTONE	146,507	129,178	-17,329
MILES CITY	8,239,133	7,143,045	-1,096,088
MISSOULA	47,170,823	67,338,741	20,167,918
MOORE	204,420	185,349	-19,071
NASHUA	306,987	240,975	-66,012
NEIHART	188,151	207,366	19,215
OPHEIM	143,872	115,330	-28,542
OUTLOOK	84,925	60,476	-24,449
PHILIPSBURG	599,189	785,155	185,966
PINESDALE	140,368	188,386	48,018
PLAINS	869,274	967,176	97,902
PLENTYWOOD	2,440,182	1,869,033	-571,149
PLEVNA	99,667	98,960	-707
POLSON	3,307,304	4,445,262	1,137,958
POPLAR	602,593	523,989	-78,604
RED LODGE	2,540,722	3,029,212	488,490
REXFORD	59,732		
RICHEY	248,260	170,142	-78,118
RONAN	1,354,930	1,528,132	173,202
ROUNDUP	1,686,622	1,449,788	-236,834
RYEGATE	200,428	162,946	-37,482
SACO	189,580	179,255	-10,325
ST. IGNATIUS	328,071	426,905	98,834
SCOBEY	1,233,663	964,191	-269,472
SHELBY	2,581,955	2,697,481	115,526
SHERIDAN	496,907	635,172	138,265
SIDNEY	5,943,801	4,586,602	-1,357,199
STANFORD	400,168	387,402	-12,766
STEVENSVILLE	1,106,252	1,596,909	490,657
SUNBURST	301,903	265,677	-36,226
SUPERIOR	836,511	929,479	92,968
TERRY	648,097	510,262	-137,835
THOMPSON FALLS	1,101,048	1,183,470	82,422
THREE FORKS	1,008,408	1,247,802	239,394
TOWNSEND	1,455,818	1,553,009	97,191
TROY	731,461	791,703	60,242
TWIN BRIDGES	641,415	438,372	-203,043
VALIER	531,390	505,774	-25,616
	210,210	264,913	54,703



CITY OF BILLINGS

OFFICE OF CITY ADMINISTRATOR

P.O. BOX 1178
BILLINGS, MONTANA 59103
(406) 657-8433

FAX (406) 657-8390

EMAIL: mswatson@billings.lib.mt.us

EXHIBIT 15
DATE 4/4/95
SB 421



To: Members of the House Taxation Committee
Montana Legislature

Re: S.B. 421 - Property Tax Limitations

Dear Committee Members:

The City of Billings wishes to respond to S.B. 421 as is presently proposed to the House Taxation committee. Since this bill affects the spreading of property tax to the taxpayers of Billings, we feel compelled to respond.

Cities in Montana, including Billings, are reliant upon property tax. The City of Billings is limited by its citizenry to 69.5 mills as stipulated by City Charter. The City is at its limit and has been able to manage its government through innovation and solid public management. Growth is a significant factor that has allowed the City of Billings to maintain its services.

S.B. 421 essentially freezes all existing properties at 1994 levels. The future of our city must now be entirely dependent upon growth, new construction, annexation or expansions. Unfortunately, this bill will discourage growth through financial limitations. Motivation to purchase new homes will be limited due to growing tax differentials. Homes that are sold will be at 1994 taxable values instead of new purchase prices. As noted in a recent article about the Proposition 13 debacle in California, wider and wider tax discrepancies developed until million dollar homes of the same age and size were sitting next to hundred thousand dollar homes.

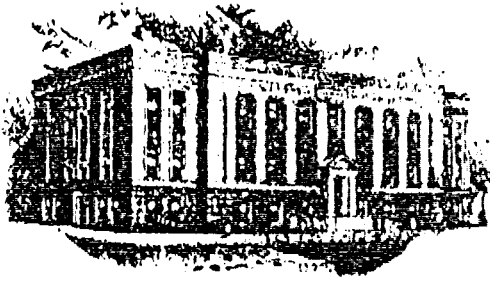
The state of Montana and the City of Billings does not need the provisions of S.B. 421 to create taxation differences within our community. The Governors Task Force recently submitted that more local government options were needed, not less. This bill takes away the ability of Billings and other Montana cities to provide services to growing cities.

The City of Billings urges the Committee to reject this bill and its harmful provisions.

Respectfully Submitted,

Mark S. Watson
City Administrator

Billings Pride
City wide



COUNTY OF



EXHIBIT 16
DATE 4/4/95
SB 421

DEER LODGE, MONT.

March 23, 1995

Senator Gerry Devlin, Chrmn, Senate Taxation Committee
Representative Chase Hibbard, Chairman,
House Taxation Committee
State Capitol
Helena, Montana 59620

Re: Senate Bill 421 by Senator Harp et al

If we correctly understand the effect of this bill, we are deeply concerned, and would have to oppose its passage. Perhaps it could be amended to solve our problem with it.

We are one of the eight of nine so-called "BPA Counties". The Bonneville Power lines went through these counties. A "Beneficial Use Tax" was enacted by the state legislature to compensate the counties for the loss of tax revenues, and the lines been owned by a private utility, such as Montana Power Company.

For several years, BPA paid these taxes under protest, and the matter was thrashed out in courts, including the U.S. Supreme Court. It was settled in our favor. The "BPA Counties" received substantial sums of money, which had been tied up under protest. We received a total of \$1,245,000. A considerable portion of our share, we used to reduce taxes in the years 1992-93 and 1993-94.

For example, we notified our taxpayers as follows:

Powell County Commissioners, in approving the 1992-93 county budget, announced that county taxpayers would see their countywide taxes reduced for that period by approximately 17.2%. Commission Chairman Don Valiton said, "This taxpayer dividend is the result of protested taxes being released under the beneficial use tax on power passed through the Bonneville Power lines in our county, and which have been tied up in court actions for several years. Some additional funds from this source will be available for the 1993-94 tax year, and a continuation of some tax reduction may be possible then...the tax reduction is good for only two years, and we will then face the unenviable task of again bringing taxes back to the 1991-92 level".

A year later, in our "tax letter" sent to every taxpayer we said

**MONTANA
ASSOCIATION OF
COUNTIES**

EXHIBIT 17
DATE 4/4/95
~~FILE~~ SB 421

2711 Airport Road
Helena, Montana 59601
(406) 442-5209
FAX (406) 442-5238

TO: Chairman Chase Hibbard
House Taxation Committee Members

FROM: Gordon Morris, Executive Director

RE: SB 421

DATE: April 3, 1995

In the interest of your time I am submitting written comments in opposition to SB 421.

From every perspective Initiative measure No. 105 has worked and is working. Actions by previous legislatures have weakened the initiative by such actions as amending out schools. Nevertheless, local governments are dealing with I-105 and are not nor have they ever taken advantage of "windfalls" associated with cyclical reappraisal. I believe the enclosed attachment "MACo I-105 Analysis/Senate Bill 421" clearly demonstrates this fact.

Looking at the worst case scenario from that analysis Fallon county's taxable value of \$129,369 in 1986 resulted in \$2,249,726 in county taxes. This compares to approximately \$608,696 in taxes in 1994. Even when this is adjusted for non-tax revenues, Local Government Severance tax, and personal property tax reimbursements, the county is not keeping pace with inflation.

Looking at the sponsor's county--Flathead--in FY '87, \$9,318,000 was generated in property taxes compared to \$12,418,000 in FY '95. Adjusted for inflation the FY '87 requirements would be approximately \$13,145,000. This does not constitute a windfall.

Apart from these facts, the legislation is full of contradictions. As an example, the fiscal note in Assumption 4 states that "taxes levied are allowed to increase due to annexation", etc., however, on page 3, lines 2 through 6, this section clearly implies that a taxing unit shall adjust mill levies downward to compensate for any increase in taxable valuation. The language, beginning on line 5 is not a stated exception. This is a major flaw in the bill.

From a county perspective, I would note the following:

1) the elimination of cyclical reappraisal on line 16, page 3, amounts to a cap on class 4 property values inside a cap on tax increases on all property. This will result in another shift of taxes over time from real to personal property.

MACo

MACO 1-105 ANALYSIS/SENATE BILL 421

COUNTY	FY 87 COUNTY WIDE TAXABLE VALUE	COUNTY MILL LEVY	FY 95 COUNTY WIDE TAXABLE VALUE	COUNTY MILL LEVY	
BEAVERHEAD	\$14,795	79.45	\$17,415	80.45	* (ECON. DEV)
BIG HORN	\$124,860	34.39	\$27,589	32.07	
BLAINE	\$43,658	51.25	\$14,406	73.94	* (INSURANCE)
BROADWATER	\$11,462	68.58	\$11,340	62.57	
CARBON	\$29,383	57.23	\$19,496	75.27	
CARTER	\$5,676	104.80	\$6,991	109.72	* DEBT SERVICE
CASCADE	\$92,168	101.19	\$107,008	107.31	* DEBT SERVICE
CHOUTEAU	\$29,173	73.09	\$24,748	92.22	
CUSTER	\$17,156	81.79	\$15,678	106.85	* (VOTED)
DANIELS	\$8,219	90.79	\$6,137	99.86	
DAWSON	\$28,543	76.14	\$17,810	106.45	* (VOTED)
DEER LODGE	\$9,331	163.47	\$10,092	163.97	
FALLON	\$129,396	17.39	\$10,382	58.63	* (VOTED)
FERGUS	\$21,341	75.01	\$23,157	79.96	* DEBT SERVICE
FLATHEAD	\$93,626	99.53	\$129,584	95.83	
GALLATIN	\$66,636	70.38	\$94,964	70.46	
GARFIELD	\$9,508	75.00	\$6,857	99.85	* DEBT SERVICE
GLACIER	\$47,121	64.63	\$20,018	117.05	
GOLDEN VALLEY	\$5,460	58.48	\$5,187	57.97	
GRANITE	\$6,139	92.46	\$8,924	102.46	
HILL	\$48,061	58.73	\$31,253	79.27	
JEFFERSON	\$17,576	84.78	\$25,862	59.92	
JUDITH BASIN	\$9,511	81.79	\$9,229	86.16	* (INSURANCE)
LAKE	\$31,480	77.29	\$41,946	78.80	
LEWIS & CLARK	\$67,703	83.23	\$78,014	85.08	* (VOTED)
LIBERTY	\$19,708	56.03	\$9,564	89.16	
LINCOLN	\$37,506	42.55	\$27,279	56.80	
MADISON	\$17,642	63.52	\$23,683	64.27	* DEBT SERVICE
McCONE	\$10,118	93.64	\$8,079	120.41	* DEBT SERVICE
MEAGHER	\$7,841	71.11	\$8,645	81.93	* DEBT SERVICE
MINERAL	\$5,624	89.81	\$8,896	96.48	* DEBT SERVICE
MISSOULA	\$113,415	105.67	\$141,141	105.21	
MUSSELSHELL	\$23,773	48.28	\$7,163	97.99	
PARK	\$20,722	68.10	\$27,659	63.47	
PETROLEUM	\$5,657	21.75	\$2,049	59.93	
PHILLIPS	\$27,112	46.20	\$20,468	52.28	
PONDERA	\$22,080	91.78	\$15,300	107.30	
POWDER RIVER	\$37,514	34.47	\$6,409	163.21	
POWELL	\$13,821	74.35	\$13,136	73.85	
PRAIRIE	\$6,115	84.12	\$4,468	111.79	
RAVALLI	\$28,213	79.47	\$40,705	80.51	* D/S 8.46
RICHLAND	\$102,199	32.32	\$21,925	68.44	* (VOTED)
ROOSEVELT	\$77,142	44.54	\$26,343	71.74	
ROSEBUD	\$218,881	11.76	\$181,816	18.09	* (VOTED)
SANDERS	\$30,903	58.57	\$30,253	59.91	
SHERIDAN	\$87,471	30.84	\$11,830	91.91	
SILVER BOW	\$34,974	157.11	\$54,170	150.99	
STILLWATER	\$17,021	74.55	\$22,039	75.43	
SWEET GRASS	\$7,464	88.91	\$8,546	95.46	* D/S 9.81
TETON	\$19,258	74.26	\$15,289	86.57	
TOOLE	\$43,499	40.79	\$18,071	96.10	
TREASURE	\$5,326	68.04	\$4,808	80.51	
VALLEY	\$43,342	44.48	\$26,526	67.98	
WHEATLAND	\$7,235	85.59	\$7,966	86.00	
WIBAU	\$22,899	42.27	\$4,278	177.39	
YELLOWSTONE	\$223,882	72.18	\$225,818	76.39	* DEBT SERVICE
TOTAL	\$2,306,339		\$1,788,409		

SB 421

AMENDMENT #1

Page 3, beginning line 18: insert new (3)

(3) If the increase in taxable value under subsection (2) does not result in tax revenues equal to the prior years tax revenue adjusted for inflation, the taxing unit may levy additional mills to compensate for the difference."

Renumber subsequent sections.

SB 421

AMENDMENT #2

- Page 2, line 6, following "~~1986~~", insert: "1986 or"
- line 8, following "1994", insert: "whichever is higher"
- line 21, following "~~1986~~", insert: "1986 or"
- line 28, following "~~1986~~", insert: "1986 or"
- line 28, following "year", insert "whichever is higher"
- Page 3, line 4, following "in", insert: "either 1986 or"
- line 4, following "1994", insert: "whichever is higher"
- Page 7, line 12, following "its", insert: "1986 or"
- line 12, following "revenue", insert "whichever is higher"

<u>FALLON COUNTY</u>	<u>MILLS</u>	<u>PROPERTY TAX</u>	<u>LGST</u>
HOSPITAL FUND 88-89	2.520	*	
89-90	24.649	\$1,265,579	
90-91	1.487	20,057	\$ 967,109
91-92	- 0 -	- 0 -	953,204
92-93	- 0 -	- 0 -	1,103,842
93-94	- 0 -	- 0 -	737,512
INIC FUND 89-90	5.319	\$ 273,094	
90-91	- 0 -	- 0 -	\$ 208,694
91-92	- 0 -	- 0 -	148,852

Clinic fund ended after FY 92, however, LGST for that fund continues as it is based on 89-90 year, with the LGST funds used in any other taxing jurisdiction as determined by Fallon County Commissioners.

* Fallon County budgets and annual report not available from Department of Commerce or Archives for the 88-89 tax year.

All information obtained from Fallon County Annual Reports and Tax Levy Requirement Schedule on file with Department of Commerce.

FALLON COUNTY MILLS LEVIED

	1988	1989	1990
FALLON COUNTY	17.39	83.44	28.23*

*Two capital project funds were created this year with \$1,121,000 transferred the first year.

Over \$2 million has been transferred to capital project funds since they were created in tax year 1990.

89-90 COUNTY MILLS

Gathered from Montana property tax mill levies 1989-1990, Montana Tax Foundation.

FALLON COUNTY 88-89

0-27

28-30 FALLON COUNTY 90-91

31-33

34-36

37-39

40-42

43-45

46-48

49-51

52-54

55-57

58-60

61-63

64-66

67-69

70-72

73-75

76-78

79-81

82-84 Fallon County 89-90

85-87

88-90

91-93

94-96

97-99

100 +

All Counties

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94-95 BUDGET YEAR

COUNTY	(LEVIED) RESERVES %	(LEVIED) RESERVES \$	CAPITAL PROJECT FUNDS	CAP. PROJECT & RESERVES GRAND TOTAL AVAILABLE
Fallon	32%	\$1,540,273	\$909,054	\$2,449,327
Glacier	19	731,105	245,624	976,729
Liberty	4	69,500	- 0 -	69,500
Musselshell	14	376,170	- 0 -	376,170
Pondera	20	577,520	- 0 -	577,520
Richland	7	308,160	356,700	664,860
Sheridan	10	360,846	- 0 -	360,846

ABOVE FIGURES DO NOT INCLUDE HOSPITAL FUNDS.

ACCELERATED PAYMENT SB 412

COUNTY	ACCELERATED PAYMENT
Fallon	\$1,605,108
Glacier	319,794
Liberty	164,477
Musselshell	186,693
Pondera	101,853
Richland	448,721
Sheridan	364,618

EXCERPTS FROM FALLON COUNTY TIMES 1989.....

.....The commissioners have pointed out that this is a one-time only request and will not be repeated on a yearly basis.

.....Raising taxes is never favored by the voters. But before automatically voting "no", the effects to the county must be weighed.....

.....The park and recreation budget (including the golf course) will be totally eliminated.

....They are quick to point out that this is a one-time action, but its effects are long-term. A formula will be determined by the 1989-90 county budget to decide the percentage of net proceed taxes the county will receive in future years.

.....However, bear in mind that if this levy does not pass, the construction of additional rooms will not be carried out. In the future, the county would have to run a bond issue in order to finance new construction.

....Q: Why can't we wait until next year for this special tax increase?

A: After this fiscal year, the formula for the distribution of gross proceeds will be based on the 1989-90 budget.

....The benefits to the county will be numerous. The nursing home will have a ten room addition, and the necessary renovations on the lab at the hospital can be made.

.....But most importantly, taxpayers secured a larger percentage of the gross proceeds taxes for at least the next two years.

16-Mar-95

Diff. of Current Law and Modified Unit Value - SB412 Dist. to Taxing Units (No Emergency Mills)
Calendar Year 1996, By County

EXHIBIT

DATE

SB

County	University Distribution	County Government Distribution	Misc. District Distribution	Foundation Program Distribution	Countywide Education Distribution	Elem School Distribution	HS School Distribution	Total Distribution
Big Horn	\$34	\$239	\$9	\$257	\$68	\$204	\$146	\$958
Blaine	569	6,192	74	4,268	2,361	2,228	1,990	17,683
Carbon	1,597	14,378	686	11,979	2,982	4,179	3,239	39,040
Carter	0	0	0	0	0	0	0	0
Chouteau	41	555	138	305	128	64	293	1,523
Custer	9	123	59	66	44	8	103	411
Daniels	0	0	0	0	0	0	0	0
Dawson	358	7,356	0	2,687	1,757	2,691	2,986	17,835
Fallon	6,697	(708,527)	4,169	50,226	8,996	21,968	22,988	(593,484)
Fergus	1	18	0	11	9	11	11	61
Garfield	55	720	0	410	171	100	245	1,701
Glacier	1,402	14,351	401	10,518	13,360	10,629	9,994	60,655
Golden Valley	4	38	1	33	14	37	24	151
Hill	241	3,001	0	1,810	1,398	2,848	1,376	10,674
Liberty	535	5,604	60	4,009	1,580	1,386	3,170	16,343
McCone	66	1,200	0	494	252	845	512	3,369
Musselshell	736	11,692	90	5,516	2,957	2,233	2,595	25,819
Petroleum	75	562	0	566	284	576	585	2,648
Phillips	718	3,454	129	5,382	1,654	3,065	3,026	17,426
Pondera	370	5,795	88	2,775	2,068	3,554	2,814	17,465
Powder River	566	5,654	0	4,247	1,497	1,241	2,835	16,039
Prairie	20	364	0	152	89	74	88	787
Richland	4,125	27,265	0	30,936	12,759	21,085	18,668	114,839
Roosevelt	2,187	18,960	1,466	16,405	10,754	13,381	13,606	76,759
Rosebud	254	306	(19)	1,904	254	6,412	1,839	10,950
Sheridan	2,606	22,397	707	19,548	5,334	13,285	13,580	77,458
Stillwater	16	200	1	121	59	61	52	509
Sweetgrass	0	0	0	0	0	0	0	0
Teton	129	1,600	79	969	483	182	616	4,060
Toole	763	7,156	417	5,724	2,498	2,556	3,060	22,175
Valley	148	1,446	0	1,109	777	494	384	4,358
Wibaux	1,076	11,247	436	8,067	2,185	5,089	3,022	31,123
Yellowstone	16	200	3	117	88	137	105	666
Total	\$25,415	(\$536,454)	\$8,994	\$190,611	\$76,860	\$120,624	\$113,950	\$0

	<u>General</u>	<u>Road</u>	<u>Bridge</u>	<u>Poor</u>	<u>Sinking</u>	<u>Fair</u>	<u>Library</u>	<u>Ext. Serv.</u>	<u>Plan</u>	<u>Health</u>	<u>Hosp.</u>	<u>Airport</u>	<u>Court</u>
1989	19.72	23.67	1.76	1.44	0	1.47	1.00	0	0	0	24.65	1.11	0
1990	4.39	7.05	1.15	1.54	0	1.50	2.68	0	0	2.68	1.49	1.55	0
1991	.00	7.05	4.53	.00	0	1.50	1.07	0	0	2.04	.00	6.54	0
1992	37.34	.00	.00	.00	0	1.50	2.20	0	0	.00	.00	4.89	0
1993	22.51	11.74	5.64	.00	0	1.50	3.60	0	0	.00	.00	4.20	0
1994	23.29	11.50	5.99	1.42	0	1.50	4.20	0	0	.00	.00	.00	0

	<u>Weed</u>	<u>Senior</u>	<u>Other</u>	<u>Total</u>	<u>Taxes</u>
1989	1.16	0	7.46	83.44	4,162,923
1990	2.74	0	1.47	28.23	429,350
1991	5.50	0	.00	28.23	280,361
1992	.00	0	.56	46.48	461,353
1993	.00	0	.77	49.97	493,347
1994	3.24	0	7.48	58.61	583,922

	<u>Local Gov't Severance Tax Info</u>			<u>Net Proceeds Tax Info</u>		
	<u>Oil - Bbls</u>	<u>Gas - MCF</u>	<u>Taxable</u>	<u>Oil - Bbls</u>	<u>Gas - MCF</u>	<u>Taxable</u>
1989	5,040,433	1,249,311	35,965,555*	1989	432,050	53,346
1990	4,660,063	1,008,769	81,672,580	1990	655,673	78,952
1991	4,439,362	750,764	94,487,713	1991	676,463	122,517
1992	4,277,615	737,207	76,132,349	1992	766,378	127,229
1993	4,147,937	1,272,355	70,724,376	1993	905,856	156,704
1994	3,660,056	1,481,226	54,193,213	1994	1094,226	165,952

*Gross 69,320,430

Winners and losers under unit value distribution system based on 1996 estimated production

		1986	1987	1988	1989	1990	1991	1992	1993	1994
County										
Big Horn	A	34.39	33.54	40.21	41.79	62.48	47.93	62.64	31.06	32.07
Blaine	A	51.24	51.88	55.40	65.29	66.14	75.04	74.19	67.12	73.85
Chouteau	A	73.09	72.32	81.54	81.74	75.87	87.20	90.30	92.30	92.22
Garfield	A	75.00	70.60	74.30	78.95	104.55	108.04	111.85	121.89	99.85
Golden Valley	A	56.48	56.15	55.22	52.16	51.81	53.56	55.02	58.53	57.97
Powder River	A	34.47	59.42	34.47	59.91	126.53	122.65	151.15	158.48	163.21
Prairie	A	84.12	80.05	106.39	108.14	111.80	110.82	112.78	117.66	111.82
Richland	A	30.32	38.28	36.59	39.66	61.80	61.78	64.98	64.85	57.86
Rosebud	A	11.75	11.34	7.91	7.23	7.46	11.26	17.78	16.29	18.22
Sheridan	A	30.84	32.04	28.84	51.74	36.79	37.09	57.86	65.12	94.91
Toole	A	40.79	40.61	44.64	57.60	72.65	83.06	98.39	86.64	96.10
Valley	A	44.48	55.16	59.30	58.67	60.04	66.70	66.63	66.21	67.23
Wibaux	A	42.27	49.00	44.26	62.84	77.63	76.01	135.84	174.55	177.39
Carter	NO LGST									
Daniels	NO LGST									
Sweetgrass	NO LGST									
Carbon	B	57.23	54.17	57.35	54.01	59.14	76.02	76.63	69.41	75.27
Custer	B	81.79	80.75	93.98	84.63	93.22	94.58	95.99	93.52	101.15
Dawson	B	76.14	76.39	76.73	83.12	86.46	87.34	102.61	103.82	106.45
Fallon	B	17.40	21.98	17.39	83.44	28.23	28.23	46.48	49.97	58.61
Fergus	B	75.01	73.11	74.45	72.74	74.10	80.60	80.95	80.45	79.95
Glacier	B	64.63	69.15	63.64	61.40	44.84	68.36	78.52	98.38	117.05
Hill	B	57.07	62.98	71.08	72.74	72.71	72.14	73.53	73.57	76.68
Liberty	B	56.03	55.39	55.39	62.98	86.40	84.51	88.71	91.91	89.16
McCone	B	93.64	95.73	102.62	109.29	116.29	117.23	122.49	117.84	115.62
Musselshell	B	48.28	63.83	54.52	95.38	89.46	71.46	89.35	103.79	105.83
Petroleum	B	21.75	23.50	21.75	48.20	78.45	84.70	83.50	57.55	58.43
Phillips	B	46.20	45.95	42.35	28.88	44.48	43.60	43.63	47.76	52.28
Pondera	B	88.78	96.48	88.68	90.98	90.61	83.49	84.22	97.20	107.30
Roosevelt	B	44.54	44.18	44.18	52.01	60.61	57.14	63.60	75.73	71.74
Stillwater	B	74.55	74.34	74.32	74.85	75.43	75.43	75.43	75.43	75.43
Teton	B	74.26	79.12	89.21	74.28	90.63	91.34	93.01	105.55	107.98
Yellowstone	B	72.18	74.14	78.18	76.44	79.44	74.96	76.76	68.37	72.46
Averages	B	61.73	64.19	65.05	72.08	74.74	75.95	80.91	82.96	86.55
		1986	1987	1988	1989	1990	1991	1992	1993	1994
Averages	A	46.86	50.03	51.47	58.90	70.40	72.40	84.57	86.21	87.90
Averages	B	61.73	64.19	65.05	72.08	74.74	75.95	80.91	82.96	86.55

94-95 BUDGET YEAR

COUNTY	(LEVIED) RESERVES %	(LEVIED) RESERVES \$	CAPITAL PROJECT FUNDS	CAP. PROJECT & RESERVES GRAND TOTAL AVAILABLE
Fallon	32%	\$1,540,273	\$909,054	\$2,449,327
Glacier	19	731,105	245,624	976,729
Liberty	4	69,500	- 0 -	69,500
Musselshell	14	376,170	- 0 -	376,170
Pondera	20	577,520	- 0 -	577,520
Richland	7	308,160	356,700	664,860
Sheridan	10	360,846	- 0 -	360,846

ABOVE FIGURES DO NOT INCLUDE HOSPITAL FUNDS.

ACCELERATED PAYMENT SB 412

COUNTY	ACCELERATED PAYMENT
Fallon	\$1,605,108
Glacier	319,794
Liberty	164,477
Musselshell	186,693
Pondera	101,853
Richland	448,721
Sheridan	364,618

EXHIBIT 19
4-4-95
SB 424

AUG 18 1994

LOCAL GOVERNMENT
SERVICES BUREAU

CITY/COUNTY OF Fallon

TAX LEVY REQUIREMENTS SCHEDULE

GENERAL.
ROAD.

C.I. 105 FREEZE NON-EXEPT LEVIED FUNDS

Assessed Valuation:

Assessed Valuation:	10,382,137	8,849,682
Tax Valuation:	10,382,137	8,849,682
1 Mill Yields:	(10)	8,849

5,800,830
5,800

048,852
3,048

Fiscal Year: 1994 - 95

Page No.

[illegible]

EXHIBIT 20 EXHIBIT
DATE 4/4/95
SB 424

THE ORIGINAL OF THIS DOCUMENT
IS STORED AT THE HISTORICAL
SOCIETY AT 225 NORTH ROBERTS
STREET, HELENA, MT 59620-1201.
THE PHONE NUMBER IS 444-2694.

IMPACT

ON

FALLON COUNTY

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Invocation COMMITTEE BILL NO. SB 39
 DATE 4/4/95 SPONSOR(S) Sen. Halligan

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
HERMAN WITTMAN	NARFE	SB39		✓
RICHARD P HOY	PERSONAL	SB39		✓
Ed Sheehy	Retired	SB39		✓
Tom Hannin	mt Soc of CPAs	SB39		✓
James Burr	421 924 39 MONTAY 417	421 924 39 417		✓

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

VISITOR'S REGISTER

PLEASE PRINT

David Owen	Int Chamber	417 Support
W. H. H. H.	MSBA	417 X

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Location COMMITTEE BILL NO. SB 417
 DATE 4/4/95 SPONSOR(S) Sen. Keating

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
COLLIN BANGS	NAAR			X
Ernie Dutton	MAR			X
Lorna Frank	MT. Farm Bureau	417		X
J. Shontz	MT ASSOC REALTORS	417		X
P.C. Musgrove	MT ASSOC. REALTORS			X
Don Allen	MT. Wood Products Assoc			X
Larry Jaskander	Cascade Coalition		✓	
Bob Stephens	Int. Grain Growers	417		X
Larry Trust	State Senator SR	417		X
John Augustine	Conoco Inc	SB 417		X
Alec Hansen	MLCT	417	✓	
Ge. Morrison		417		
Loran Frazier	JAM		X	

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

Kathy Bessette

HILL County

417 oppose
X

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Vacation COMMITTEE DATE 4/4/95
BILL NO. SB421 SPONSOR(S) Sen. Harp

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Bill Verwool F	City of Helena		✓
Don Judge	MT STATE AFL-CIO		X
J. Shantz	MT ASSOC REALTORS	X	
P.C. Musgrove	MT ASSOC REALTORS	✓	
John Males	M.F.T.		X
Alan Hansen	MLCT		✓
Bonny Milligan	Boz. Board of Realtors	X	
W ^m M. SPILKER	Self	X	
DAN WALKER	US WEST	✓	
Steve Monteville	Helena Assoc Realtors	✓	
Nris Roberts	Helena Board of Realtors	✓	
Maurice Outken	Helena Board of Realtors	✓	
MARY C. ALLEN	County of Powell		X

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

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HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Tax COMMITTEE
BILL NO. SB 421 SPONSOR(S) HARP

DATE 4/24

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Michael Keedy	MSBA		X
Kathy Bessette	Hill County		X

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HOUSE OF REPRESENTATIVES
VISITORS REGISTER

BILL NO. SB 421 COMMITTEE _____ DATE _____
SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Chip Erickson	Northwest EIA		X
Walter Harmer	Rosenfeld Co.		X
Tom Cotton	underfunded Coq. Hdr		X
Cliff Roesser	Holcom SoCal Dist. #1		X
Gordon Morris	MACo		X
Larry Tasbender	Cascade Coalition		✓
Synda Brannon	MASBO		✓
Tom Fugere	SAN		✓
Kathy Fabian	OPI		✓
Larry Haggard	Citry Kolozell		✓
Eric Flewer	MEA		Xxx
Ernie Dutton	MAR	X	
COLLIN BANGS	MAR	X	

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Location COMMITTEE BILL NO. SB 424
 DATE 4/4/95 SPONSOR(S) Sen. Gage

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Dow WA / Drone	MREA	SB 424		
Don RIEGER	Fallon County	SB 424	✓	
Gloria Paladichuk	Richland Development	424		✓
Don Olson	Mt. Grouse of Owl, Harb. Coal			✓
CARTER CHRISTIANSEN	Pleona Schools	424	✓	
JIM HALVERSON	OIL-GAS-CO CO	424		X
Kear Harmon	Rosssett Co.	424		X
Gordon Kampen	Sheridan			X
W Jam				
Steve Turki				
MAA	MAA	MAA		
COLLEEN BANGS	MAR			X
Ernie Dutton	MAR			X

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Location _____ COMMITTEE g BILL NO. SB424
 DATE 4/4/95 SPONSOR(S) Sen. Hage

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Lorna Frank	MT. Farm Bureau	424		X
Kathy Bessette	HILL County	424		X

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