

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN CHASE HIBBARD**, on February 9, 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: HB 389

Executive Action: HB 188 - Do Pass as Amended
SB 139 - Do Concur

{Tape: 1; Side: A.}

HEARING ON HB 389

Opening Statement by Sponsor:

REP. DON LARSON, House District 58, Seeley Lake, opened the hearing on HB 389 by explaining that during the last session of the Legislature, HB 50 offered the county assessors the opportunity to become state employees. Fifty of the county assessors elected to become state employees and since that time some "bugs" have developed in the system. HB 389 would allow county governments to have the ability to deconsolidate an office and the ability to reinstate the elected assessor office. The Department of Revenue (DOR) promised savings of \$1.2 million by reduction of 45 FTEs and they are now asking for 16 new FTEs. Proponents of this bill will testify that the DOR has been reluctant to pay support and indirect cost associated with the assessors' duties and have taken local control from the assessors' offices and have been an impediment to the efficient processing and billing of taxation information. Local control and local accountability and decentralization of records are the issues. Property tax assessment has always meant the source of revenue for local governments. Assessment and appraisal are best accomplished at the local level and no amount of advanced technology can make up for the hands-on knowledge of the local assessors. **REP. LARSON** presented letters of support for HB 383 from Daniels, Cascade, Hill, Sanders, McCone and Blaine Counties. EXHIBIT 1.

Proponents' Testimony:

Cele Pohle, President of the Montana Assessor's Association, testified in support of the bill. Her testimony is attached as EXHIBIT 2.

Wayne Stahl, Phillips County Commissioner, rose in support of HB 389. His objections were mainly directed toward the DOR's intention to retain all tax data on the Department's mainframe computer and, in his opinion, this was not the intent of HB 50. Access to the information needed in the county courthouse on a daily basis would be impossible without the expenditure of a lot of money and time. **Mr. Stahl** said that in determining how the process would work, they discovered that the Department's MOD computer system was designed totally around the DOR's control of the information. It is entered in the county office and transferred to the Helena office where they apply the appraisal program. In order to get the information back, they must hire an outside vendor to translate the information and pay them to put it back into the county's system to make it usable. This is contrary to HB 50 which stipulated that there would be no costs to the counties. **Mr. Stahl** did not agree with the fiscal note because, if the counties are going to pay 50% of the assessors' salaries, there should not be an additional cost of \$800,000 for

the DOR to implement the bill. Another fear the counties share is that the DOR prints the tax statement, and the next step will be that they will want to collect the taxes. He reported that the counties had not opposed HB 50 because they thought the Towe amendment would protect them from additional costs and the Stang amendment assured that the information would always be stored with the counties. He asked the Committee to give the control back to the counties with the passage of HB 389.

Bill Rappold, Chairman, Pondera County Commission, spoke in support of this bill because it would allow counties the option of having an elected county assessor and would allow the county computer system to be the primary location for computerized tax records. His testimony is attached as EXHIBIT 3.

Earl Martin, Granite County Commissioner, representing Granite and Powell Counties, said these counties had surrendered their assessors to the state and found it an unsatisfactory option. He asked for the Committee's assistance in returning local control to the counties. Mr. Martin's comments are contained in EXHIBIT 4.

Carol Kienenberger, County Commissioner, Phillips County, presented testimony on behalf of Jean Mavencamp, Phillips County Treasurer. EXHIBIT 5.

Steve Hellenthal, Data Processing Director, Yellowstone County, said the biggest problem is accessing the taxation data because the information flow is hampered. The taxpayers can be better served by having this information at the county level. The consolidation of the data bases in a central location is counter-productive.

Vern Peterson, Fergus County Commissioner, rose in support of HB 389 because it would give the county the option to deconsolidate. Written testimony from the Fergus County Treasurer/Assessor is attached. EXHIBIT 6.

{Tape: 2; Side: B.}

John Webb, Choteau County, said he shared the concerns of the other counties. He said the problem is not just a problem of rural counties. Choteau County was reluctant to let the assessor go and it was a matter of dollars and cents in her paycheck that influenced her decision.

John Allhands, Madison County Commissioner, provided written testimony in support of HB 389. EXHIBIT 7.

Gail Jones, Powell County Commissioner, presented testimony in support of HB 389 on behalf of the Powell County Commissioners. EXHIBIT 8.

Cheryl Beatty, Chief Executive Officer, Anaconda-Deer Lodge County, spoke in support of the section of the bill dealing with ownership of records. HB 50 assured the counties that the county systems would be maintained. This created a duplication of effort and there is a concern that all records are maintained accurately and efficiently. She said that the counties had met with Governor Racicot and Mr. Robinson on this issue, because it seemed necessary for the counties to keep the records because communication with the DOR was stressed. Until the issue of who will pay for the transfer of records is solved, Anaconda-Deer Lodge supports the county as the primary place for retention of property tax records.

Art Arnold, Valley County Commissioner, appeared before the Committee in support of HB 389. He said he had watched the distrust of state government, the DOR in particular, grow. The assessor's office provides a place where the functions of state and local governments interface and it is very important to taxpayers. HB 50 was a good bill but it removed some of the protection that county governments had. HB 389 would help restore some of the lost confidence.

Dorothy Cody, Roosevelt County Commissioner, said she had driven 411 miles to appear before the committee in favor of HB 389. Her testimony is attached as EXHIBIT 9.

SEN. TOM BECK, Senate District 28, Deer Lodge, said HB 389 is a very important bill. Having served as a county commissioner, he said he understood the frustration of the counties. He said he was opposed to HB 50 because it gave the DOR complete control over the assessors. The best government is the one closest to the people and that is at the local level. He asked for the Committee's support of HB 389.

{Tape: 2; Side: A.}

Opponents' Testimony:

Mick Robinson, Director, DOR, said the DOR is trying to do its job and he realized that it is not always appreciated. HB 50 was a valid attempt to make a step in the right direction in terms of providing cohesiveness regarding the valuation of property taxes. They will continue to work in that direction. He said these issues have been discussed before and the Department has worked toward resolving the problems. The DOR does have a long history of distrust but the same thing is true in other areas of state government. He said that the DOR's interpretation of HB 50 is that it did not change the language and the option is still there for counties to deconsolidate. In 1972 the constitutional convention gave the state the responsibility for valuation of property for property tax administration. At that point the elected assessors moved to state employment because 100% of their salaries and benefits were paid by the state. Over time, as budget pressures took place at the state level, the state funding

was reduced to 62%. In terms of the computer operation, the DOR has costs included in its budget to allow for payment of the transfer of data. **Mr. Robinson** stated that HB 50 was the result of a study made by a group of DOR employees within the property tax division. A lot of those people were in the county courthouses and didn't consider themselves state employees. The employee groups met and looked at how they did their jobs and where improvements could be made to remove some of the clerical duties and provide better coordination throughout the state. The DOR has no intention of moving all these people to Helena; however, they have gone to a more regionalized concept and employees are moved across county lines in order to utilize the employees more effectively in their work of valuation and appraisal. Much of the valuation and assessment functions have been computerized, thereby relieving a significant clerical burden from the assessors. As a result, they can now provide better services to the taxpayers such as the preprinted form listing all personal property reported in the last year. He explained that the reason they have had to request additional FTEs is that they had anticipated that 30 counties would elect to consolidate when, in fact, there were 50. Therefore, the additional FTEs have been requested to cover the increase in cost of bringing the elected assessors and the deputy assessors in from an additional 20 counties. In FY 95 the DOR must absorb those costs.

Mr. Robinson said that HB 50 allowed the Department to reorganize and use its resources more wisely. The second major issue in this bill is the computer concept. He explained the Montana Ownership Database (MOD) the DOR has at the present time. They have attempted to take all data bases -- CAMAS which is the real property tax software and the BEVS which is the personal property software -- and bring them together so that they can send out assessments and transfer the information electronically to local governments. BEVS is computerized but it must be manually entered into the county systems. The system could be extended to tax bills because the DOR has had requests from the "manual counties" that do not have a computer system to provide the tax bills. The DOR would have the capability to do that but they have no intention of stepping across that line and they also have no intention of collecting and receipting tax money. He emphasized that, according to statute, these responsibilities belong to the county treasurer. The MOD system is resident on the state mainframe computer and it is not available at the county level but it does help transfer the information electronically, it will print the assessments centrally instead of using different equipment at different locations, and it helps in terms of reducing costs every time there is a change in the assessment notice. The information on file at the county level includes names and addresses, property descriptions and the value of the property. The rest of the property records information (square footage, number of bedrooms, obsolescence factors, etc.) used for appraisal purposes are not stored at the county level. Therefore, in the discussion of ownership or residence of this

information, the bill does not clarify whether all the information should be transferred to the local systems which have never had that information. The DOR has said they would make sure that the county system has the same information they have always had and the valuation information is transferred to the counties annually. Changes of ownership, addresses, or a property is split, are updates which must be maintained on the county system and the DOR will continue to input that information on the county system and on the state system. They will continue to do this until a system is devised to transfer the information electronically because many counties do not have a system than can accommodate all the information. Since the DOR, constitutionally, has the responsibility for the appraisal, there is a question about who should actually "own" the information.

Mr. Robinson emphasized that the DOR is not trying to keep information from the counties and, in its current budget, has recommended placing inquiry terminals in every courthouse for use by local taxpayers in accessing information. He said he had encouraged county governments to start gathering information to present to the Legislature to request funding to develop a system for transferring information electronically but that was not accomplished. The concept of HB 50 was sound and there is a need to continue to work forward in partnership with the counties. He said he realized it was important for the DOR to work toward building trust but may never be accomplished. **Mr. Robinson** assured the counties that the DOR had money in its budget to pay for the electronic transfer of information and, with the double entry system they are currently using, there is no cost to the counties.

{Tape: 2; Side: B.}

Dennis Burr, Montana Taxpayers Association, said he agreed with former Rep. Cody's testimony that it is sad that the relationship between local governments and the state has reached a level where it is necessary to have this kind of a discussion. As a former administrator of the DOR, he had an understanding of the situation and had objected to every attempt to eliminate the elected assessors because, as elected officers, they interact well with the local people and there has never been any indication that a person hired off the street could do a better job than a locally elected official. He said he believed the authority already exists for a county to reconsolidate. **Mr. Burr** said the Committee should carefully consider Section 2 which specifies that a local official is being designated for a job that is not constitutionally a state job. In the old days the assessors were agents of the state and they assessed property in a manner designated by the state. **Mr. Burr** said he had been invited to attend meetings with county commissioners and assessors and the big issues were the DOR MOD system and the ownership of information. He said the DOR has insured that the information will be entered simultaneously into both the state and county systems and that should have solved the problem. Who controls the information is not important if it is identical so

the provision on page 26 of the bill that says the county is the primary source of information is immaterial and possibly unconstitutional. He commented that the real problem is the matter of significant mistrust and there is actually no need for HB 389. He did suggest that it should be the state's responsibility to pay the entire salary of the county assessors because the main responsibility is appraisal, which is constitutionally a state function.

REP. EMILY SWANSON, House District 30, Bozeman, said it is unfortunate that this kind of mistrust exists. She stated that she had been the primary sponsor of HB 50 during the special session of 1993 and had agreed to carry the legislation because she felt it held great promise. HB 389 has been generated because of the tremendous amount of change. The promise was greater efficiency, accuracy and consistency, and an electronic system that forces the Department to move ahead to where computerization will be extremely important. She said there is a problem with access to information and a question of local control and the ability to serve the local taxpayers well. She said these issues are the responsibility of the Legislature and should be addressed with the Department of Revenue rather than with this bill. There should not be a return to a system that denies that the computer world is here. She said it will be necessary to find a way for the counties to access the information they want and need in an effort to rebuild trust rather than move backward as HB 389 suggests.

Gloria Paladichuk, Richland Development, Sidney, said Richland County consolidated the assessor's position and it is working fine. She said the Richland County attorney had scrutinized the agreement to make sure that if the consolidation did not work, there would be an avenue to go back to the original system. He assured them that it could be done; therefore, she could see no need for the bill. She indicated that she had served as a county treasurer for ten years and the major concern was to receive accurate and timely information so that the tax bills could be sent out and revenue collected. The process of change was not as difficult as they had anticipated and the taxpayers have been better served in a more efficient and cost effective manner. She said she was amazed at the vast amount of information that is available in the Richland County appraisal office.

Jim Fairbanks, Property Assessment Department, Region Three, Missoula and Ravalli Counties, said there had been a need to better direct the Department's resources and HB 50 has helped. Much of what has been accomplished will be undone if this bill is passed because it will create another level of county administration. The larger counties have been able to move toward electronic data exchange. He said that, because the state system is so large, it would be impossible to update the county systems. His office will continue to provide cities and counties with property identification and the special services they request whether they deconsolidate or not.

{Tape: 3; Side: A.}

William Baldus, Data Processing Manager, Gallatin County, said the Gallatin County Commissioners object to HB 389 because the DOR has attempted to streamline the assessment process and create greater efficiencies in recordkeeping. What the Department has proposed is reasonable and cost effective. With cooperation of all the counties, it will be possible to realize savings for the state, local governments and the taxpayers. The language in HB 389, specifically Section 48, will open up the MOD application to further litigation and will hinder timely assessments this year. The passage of HB 389 would be a large step backwards rather than a cooperative effort to reduce costs.

Arletta Derleth, Supervisor of Office Operations for Region Nine, Gallatin County, said she had worked as assessor or deputy assessor for 25 years and during those years she had been involved in many of the controversial aspects of being elected v. hired. HB 389 would undo much of the progress the Division has made in the past year with the implementation of HB 50. Many counties made the decision to consolidate with much forethought and not arbitrarily. The passage of this bill would be regression of many projects now being pursued for greater efficiencies. She encouraged the Committee to oppose this bill.

Norm Calvert, Computer Service Manager, Flathead County, said his only opposition to the bill was Section 47 which provides that the county system should be the primary system for storage of data. The MOD system is the most efficient way at the present time to streamline the way the data is handled. The problems with the counties can be worked out because there are ways to accomplish the transfers. The DOR should not be put in the position of becoming inefficient and backward because they have to meet the needs of the counties. Removing this section from the bill would allow the DOR to continue to improve service to taxpayers.

Questions From Committee Members and Responses:

REP. ROSE asked who would be responsible for setting wages and paying health insurance under the new plan. **Ms. Pohle** said she is an elected official and has a contract with the Department of Revenue. Her salary is paid by the county and 50% is refunded by the DOR. She is also covered by the county health insurance.

REP. REAM said he had been told two years ago that the state would save \$1.2 million with the reduction of 45 FTEs and now the DOR is requesting 16 additional. He asked if the DOR budget actually reflected these savings. **Mr. Robinson** replied that the \$1.2 reduction was approved during the special session and they did operate within that budget for that fiscal year. They are now requesting the additional FTEs because of the extra 20 counties that opted to consolidate. With the additional

employees, there will still be a saving of \$800,000 per year as a result of HB 50.

REP. ARNOTT asked what the error rate was prior to installation of the new system. **Mr. Martin** said the Granite County assessor had identified over 300 errors in assessment compared with 12 or 15 previously.

REP. BOHLINGER asked Ms. Cody if the difficulty in obtaining information was related to the implementation of the new system in the DOR, and, given time, those difficulties might be resolved. **Ms. Cody** said there has been duplication of effort between the counties and the state that could be eliminated. The problem with HB 50 was that it initiated a lot of new things and one that never happened was a property improvement fund which would have assessed a fee to bankers, realtors, etc., for information. The fund would then provide funding for some efficiencies. The reason it was not initiated was because the DOR discovered there might be a problem with the privacy act. **Ms. Cody** explained that this is one of the things that created the credibility problem. The people testifying in the hearing today had supported HB 50 based on what they were told by the DOR, and now realize that they made a mistake. **Ms. Cody** said she did not favor going backward, because the future is in technology. However, there is a substantiated fear related to past experiences and HB 389 may provide some feeling of assurance.

REP. WENNEMAR noted ambiguous language in the bill regarding the ability of the county commissioners to designate the assessor as an agent. **Ms. Cody** said she believed the intention was that the counties would have an option and she, personally, had not found anything in HB 50 that addressed the situation. She did feel it was important to identify in the law that a county could deconsolidate. Her opinion was that it might be possible but the statutes are not clear.

REP. WELLS asked the sponsor if HB 50 contained language providing for deconsolidation. **REP. LARSON** said he did not think it did. HB 389 clarifies that the assessor is an agent of the DOR, it clarifies that the DOR pays one-half of the salary of the agent, and it clarifies that the county is the primary residence of the tax information. **REP. WELLS** asked if there would be a cost shift back to the local governments if this bill was passed. **REP. LARSON** said the counties are prepared to bear the cost and he did not think many counties would deconsolidate.

REP. BOHLINGER asked for an opinion from MACO because no testimony had been presented either as an opponent or proponent and the legislation would create a cost shift back to the counties. Without objection, **Mr. Morris** replied that the Association had been trying to work through the problems with the implementation of the Montana Ownership Data system through discussion with the counties. He said he had been directed not

to present any position on the bill because, as evidenced by the testimony, there are counties on both sides of the issue.

REP. JORE asked Director Robinson to address the charges that the DOR provided computer-generated information to private organizations and that the state had taken control of the tax information and passed the charges back to the counties. **Mr. Robinson** said he "pleaded innocent" to the charge of taking control of the tax information because no changes have actually been made in the system and they continue to make sure that data that is manually input is timely and accurate. This system is an inefficient use of employees and they are moving toward electronic transfer. He said that the DOR has not transferred charges to the local governments. He said there may be charges for a computer vendor who must put information in an acceptable form to be entered into a county system but the DOR pays those charges. **Mr. Robinson** said he was not aware of any instance where the state had assessed a county for charges related to the transfer of information.

{Tape: 3; Side: B.}

Mary Whittinghill responded to Rep. Jore's other question relative to the transfer of information to a private organization. She said, unfortunately, that a list had been prepared using the DOR's computer system. The individual who received the information could have come to the state office and looked up the same information and produced a listing of the same information. The misunderstanding has been corrected and the DOR has assured that it would not happen again.

Closing by Sponsor:

In closing, **REP. LARSON** remarked that the passage of HB 389 would not prevent the state and counties from entering into the computer age. Passage of the bill would not undo HB 50. The bill simply allows the option for the unhappy counties to reconsolidate if they wish to do so. The need to make state and county computers compatible will still exist. The county commissioners have the same goals as the DOR because they want to streamline the system, make the information more accessible, become more accessible and more effective. In summary, he emphasized that the bill would clarify HB 50, satisfy the concerns of the counties and, allow them to get on with the modernization of the property tax assessment function.

EXECUTIVE ACTION ON HB 188

REP. ARNOTT, Chairperson of the Sub-Committee on HB 188, reported that the sub-committee had developed amendments to HB 188 which would eliminate the proposed changes proposed in the original statute and extend the sunset provision to ten years. EXHIBIT 10.

Motion:

REP. RYAN MOVED THAT HB 188 DO PASS.

Motion:

REP. RYAN MOVED THAT THE AMENDMENTS PROPOSED BY THE SUB-COMMITTEE DO PASS.

Discussion:

REP. HANSON said it appeared that the sunset provision was still in the bill. REP. ARNOTT explained that the sunset is now scheduled to occur in ten years.

Vote:

The motion to approve the amendments passed unanimously.

Motion:

REP. ARNOTT MOVED TO AMEND SECTION 5, SUB-SECTION 2, TO INCLUDE THE LANGUAGE, "THE FIRST PRIORITY OF THE LOCAL VEHICLE TAX SHALL BE COURT FUNDING AND BE DISTRIBUTED AS FOLLOWS:"

Discussion:

REP. NELSON said he understood that this would require that court funding would be the priority of the district courts and also the city courts.

Mr. Heiman said this should be clarified by inserting "district court funding" in place of "court funding." It would be a statement of intent rather than a distribution scheme.

Vote:

On a roll call vote, the motion passed 13 - 7.

Motion:

REP. STORY MOVED THAT HB 188 AS AMENDED DO PASS.

Discussion:

CHAIRMAN HIBBARD said Rep. Raney had left the meeting; however, he had suggested some amendments to HB 188.

Mr. Heiman said he had prepared two sets of amendments to the bill as proposed, prior to any amendment at this meeting, which would change the formula for distribution of the tax.

REP. FUCHS said he objected to the amendments because Rep. Raney had not attended the sub-committee meetings and also that he was not present to move the amendments.

REP. REAM explained that Rep. Raney was excused to attend another committee meeting and there would be no need to object because the amendments would not apply to the bill as now amended by the Committee.

Vote:

On a voice vote, the motion passed 20 - 0.

{Tape: 4; Side: A.}

EXECUTIVE ACTION ON SB 139

Motion/Vote:

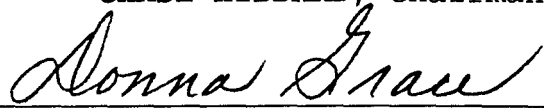
REP. HANSON MOVED THAT SB 139 BE CONCURRED IN. On a voice vote, the motion passed 20 - 0.

ADJOURNMENT

Adjournment: 11:20 a.m.



CHASE HIBBARD, Chairman



DONNA GRACE, Secretary

CH/dg

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL

DATE Feb. 9, 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 | ✓ | | |



HOUSE STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on Taxation report that **House Bill 188** (first reading copy -- white) do pass as amended.

Signed: _____

A handwritten signature in black ink, appearing to read "Chase Hibbard".

Chase Hibbard, Chair

And, that such amendments read:

1. Title, lines 5 through 12.

Strike: "REVISING" on line 5 through "VEHICLES;" on line 12

2. Title, line 13.

Strike: "MAKING PERMANENT"

Insert: "EXTENDING"

3. Title, lines 14 through 17.

Strike: "RAISING" on line 14 through "COSTS" on line 16

Strike: "SECTIONS" on line 16 through the first "AND" on line 17

Insert: "SECTION"

Strike: "; REPEALING" on line 17

Insert: ", "

4. Title, line 18.

Strike: "EFFECTIVE DATES"

Insert: "AN IMMEDIATE EFFECTIVE DATE"

5. Page 1, line 22 through page 9, line 2.

Following: enacting clause

Strike: the remainder of the bill in its entirety

Insert: "Section 1. Section 61-3-537, MCA, is amended to read:

"61-3-537. (Temporary) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a property tax under 61-3-504(2) at a rate of up to 0.5% of the

Committee Vote:

Yes 20, No 0.

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value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2). The first priority of the local vehicle tax is for district court funding, and the tax is distributed as follows:

- (a) 50% to the county; and
- (b) the remaining 50% to the county and the incorporated cities and towns within the county, apportioned on the basis of population. The distribution to a city or town is determined by multiplying the amount of money available by the ratio of the population of the city or town to the total county population. The distribution to the county is determined by multiplying the amount of money available by the ratio of the population of unincorporated areas within the county to the total county population.

(3) The governing body of a county may impose, revise, or revoke a local vehicle tax ~~for a fiscal year~~ by adopting a resolution before July 1 ~~of the fiscal year~~, after conducting a public hearing on the proposed resolution. The resolution may provide for the distribution of the local vehicle tax.

~~(Terminates June 30, 1995 see. 1, Ch. 217, L. 1993.)~~

61-3-537. (Effective July 1, 1995 2005) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a property tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2) and is distributed in the same manner, based on the registration address of the owner of the motor vehicle.

(3) The governing body of a county may impose, revise, or revoke a local vehicle tax ~~for a fiscal year~~ by adopting a resolution before July 1 ~~of the fiscal year~~, after conducting a public hearing on the proposed resolution."

Section 2. Section 1, Chapter 217, Laws of 1993, is amended to read:

"Section 1. Section 4, Chapter 749, Laws of 1991, is amended to read:

"Section 4. **Termination.** [This act] terminates June 30, ~~1993~~ 1995 2005."

Section 3. Section 4, Chapter 749, Laws of 1991, is amended to read:

"Section 4. **Termination.** [This act] terminates June 30, ~~1993~~ 2005."

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NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval."

-END-



HOUSE STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on Taxation report that Senate Bill 139 (third reading copy -- blue) be concurred in.

Signed: _____

A handwritten signature in cursive script, appearing to read "Chase Hibbard".

Chase Hibbard, Chair

Carried by: Rep. Hibbard

^{DS}
Committee Vote:
Yes 20, No 0.

341253SC.Hbk

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 2/9/95 BILL NO. 188 NUMBER 2

MOTION: Amendment to add "dest spirit"

| NAME | YES | NO |
|-----------------------------|-----|----|
| Vice Chairman Marian Hanson | ✓ | |
| Vice Hairman Bob Ream | | ✓ |
| 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 | | ✓ |
| Chairman Chase Hibbard | ✓ | |

DANIELS COUNTYEXHIBIT 1DATE 2/9/95HB 383◆
SCOBEE, MONTANA 59263

February 7, 1995

House Taxation Committee
State Capitol
Helena, MT 59620

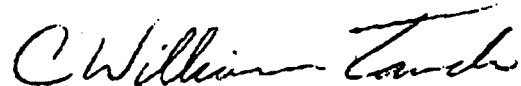
Honorable Representatives:

House Bill 389 has now been introduced in the legislature. It is the bill that will give the counties the option of having an elected assessor and will make the county computer system the primary residence of county tax records. This bill was introduced at the request of the Granite and Powell County Commissioners by Representative Don Larson (D-Seeley Lake), who obtained 30 other legislators to sign on to the bill which indicates certain support for this legislation.

We believe that this bill returns local control to the county level rather than leaving it completely in the hands of the state Department of Revenue. Also, we feel that the county computer system should be the main residence of the county tax records. We urge you to review the provisions of this bill and hope that we can have your immediate support.

Sincerely,

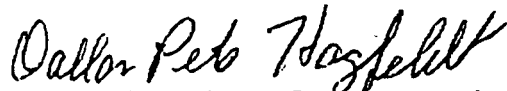
BOARD OF COUNTY COMMISSIONERS
Daniels County, Montana



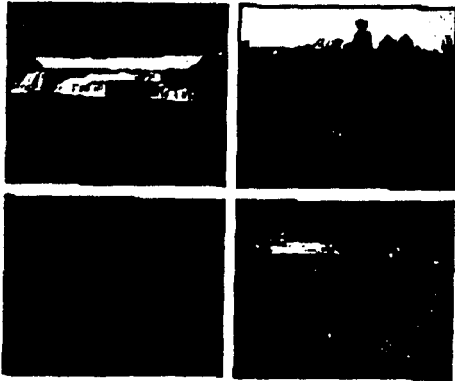
By C. William Tande, Chairman



By Luverne Nieskens, Commissioner



By Dallas (Pete) Hagfeldt, Commissioner



Cascade County
Gateway to the North
Visit Russell Country

Courthouse Annex, Room 111
Great Falls, Montana 59401
Tel. (406) 761-6700, ext. 250
Fax: (406) 452-7838

Tel. (406) 454-6810
Fax: (406) 454-6945

F A X T R A N S M I T T A L

DATE:

PLEASE DELIVER THE FOLLOWING PAGES TO:

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TELEPHONE NO. _____

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FROM: Roy Aafedt

TOTAL NUMBER OF PAGES, INCLUDING COVER SHEET: one

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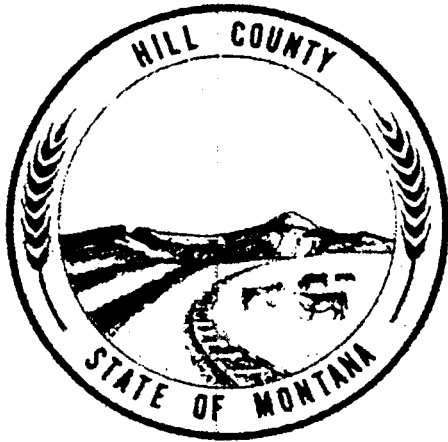
REMARKS: I support HB 389 (Don Larson)

especially the provision for county
computer system is the primary storage
location of computerized tax records.

COUNTY OF HILL

STATE OF MONTANA

Havre, Montana 59501



Lloyd Wolery, Chairman

Nora Nelson, Commissioner

Kathy Bessette, Commissioner

[406]265-5481 Ext.

February 8, 1995

TO: The Members of the House Taxation Committee


We, the Hill County Commissioners, would like to go on record as supporting the general principles of House Bill-389. The content of this bill will give counties the opportunity to choose whether the assessor will be controlled by the County or the State.

We agree with the major points of the bill: 1. The property tax records reside primarily in the County, 2. The salary provision defining the county share at 50% and the Department of Revenue's share at 50%, and 3. The ability to unconsolidate previously consolidated offices.

Our areas of concern are: 1. The request to be exempt from I-105, even though this would be desirable, we feel this request could kill the bill, and 2. The lack of the State providing health coverage for the employees might be a draw back. In many instances county health plans require much more employee contribution than would be attractive to State employees.

Even through we have these concerns, we are able to support the major portions of this bill.

Sincerely,


Kathy Bessette, Acting Chairman


Nora Nelson, Commissioner

Sanders County

State of Montana



February 8, 1995

Representative Jim Elliott

Dear Jim:

As the Sanders County Board of Commissioners, we are supporting HB 389 which will give all counties the option of having an elected Assessor. It also insures that our County computer is the primary residence of our County tax records which we believe is crucial for the accessibility for our taxpayers as well as our County employees. We are only one of six counties in the State that did retain our Assessor because we felt that it was important to insure our local control.

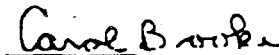
We would strongly encourage you to support this bill which is in the best interest of the constituents of Sanders County.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
Sanders County, Montana


Cherie Hooten, Chairman


Stephen D. Wheat, Member


Carol Crooker, Member

cc: Chase Hibbard, Chairman of Taxation Committee

CURTIS C. MOXLEY
Commissioner

ARTHUR KLEINJAN
Commissioner

KEITH BENSON
Commissioner

SANDRA L. BOARDMAN
Clerk and Recorder/Assessor

SHIRLEY GRUBB
Treasurer

PERRY W. MILLER
Justice of Peace



JOHN C. MC KEON
District Judge

KAY O'BRIEN JOHNSON
Clerk of Court District #17

MARK HARMAN
County Attorney

JOHN W. HARRINGTON
Sheriff and Public Administrator

CAROL L. ELLIOT
Superintendent of Schools

MARVIN A. EDWARDS
Coroner

B.W. MC GUIRE
Justice of Peace

BLAINE COUNTY

Chinook, Montana 59523

Good Morning!

Chairman Hibbard & House Taxation Committee Members

Blaine County would like to request your support of HB 389.

In recent speeches, both President Clinton and Governor Racicot have stated they support keeping local government at the local level. This bill will bring back some of the local control that was taken away from us in HB 50 in the 1993 Special Session.

The Bureaucratic System is slowly making the rural counties an endangered species. We would like our constituents at the local level to make this decision.

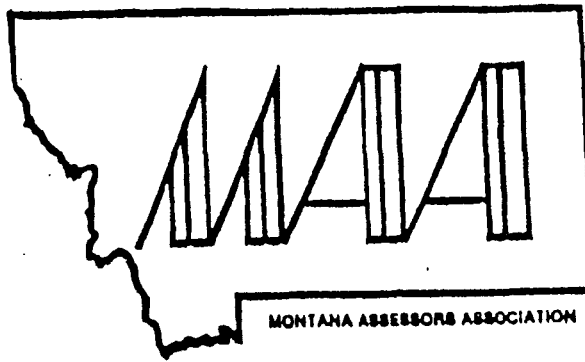
Once again, on behalf of all the people of Blaine County, we urge you to vote yes on HB 389.

Thank you.

Keith L. Benson
Keith L. Benson, Chairman

ABSENT
Curtis C. Moxley, Commissioner

Arthur Kleinjan
Arthur Kleinjan, Commissioner



EXH'BIT 2
DATE 2/9/95
HB 383

February 9, 1995

Mr. Chairman and Members of the Committee,

My name is Cele Pohle. I am President of the Montana Assessor's Association and the elected assessor from Powell County.

H.B. 389 merely allows county governments that so choose have the ability to deconsolidate an office. It also allows them the ability to reinstate the elected assessor office with the duties defined by statute again.

The November 1993 Special Session through H.B.50 deleted the word assessor and inserted the word department. It allowed for a fast track consolidation process of the assessor's office with another elected official's office. The choice was the assessors on whether they chose to become state employees or remain elected officials. It did allow an assessor to remain elected but the job duties would be through contractual services with the Department with shared salary and benefits responsibility at a

50/50 split.

The timeframes were as such:

- Jan 3 Interested counties should begin the process of consolidation.
- Jan 4 County assessors and deputy assessors must notify the Department in writing of their intent to become state employee.
- Jan 11 Last date for county commissioners to publish notice of hearing on consolidation.
- Jan 14 Last date to hold a hearing on consolidation. Order of the county commissioners consolidating the assessor with another county office must be complete.
- Jan 24 County assessor must resign from office by this date.

Perhaps such a limited timeframe truly did not allow a clear reflection on the ramifications of such a consolidation on local government and service to the residents of the counties. H.B. 389 hopes to rectify and restore that decision to the local governing body.

During the November 1993 Special Session, the legislators faced an enormous task of balancing the budget. Each state agency faced the dilemma of what to cut and still try to provide service. However, the pressure remained at both the State and County level to reduce taxes. Some counties thought that the consolidating of the assessor's office would provide some relief in their budgets as they would not have to pay the counties percentage of the assessor's salary. The percentage from county to county varied for fiscal year 1993, the state share ranged from a low of 53% to a high of 68%. This bill would statutorily set the percentage at 50% for each entity. Each county that might

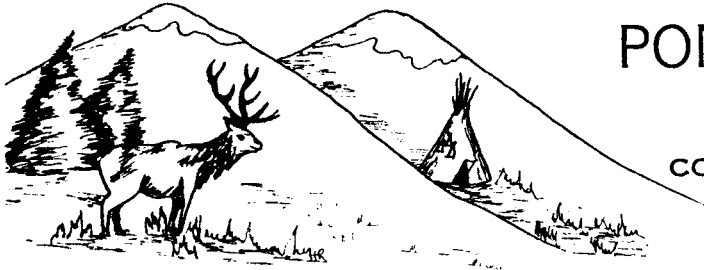
choose to reinstate an elected assessor would benefit the Department of Revenue's budget in that their FTE load in that county could be reduced by a .5 FTE.

Unfortunately, H.B. 50 was passed because it was a matter of time and financial necessity that was the determinant not a policy mandated by the legislature. The 1972 Constitution established the current system of taxation. The intent of the Con-Con delegates was for the locally elected assessor to act a liaison official between local and state government offices so that the rights of the local taxpayers were protected.

H.B. 389 merely wants to restore that relationship and intent. The county governing body might want to restore an elected assessors office to county government. This bill gives them that right. It will also ensure a full time local presence in that county for service to their residents. H.B. 50 also gave the Department the right to adjust office hours dependent on need in the region. The county governing body will have to make the decision on what service they want to offer their residents and this bill will allow that choice,

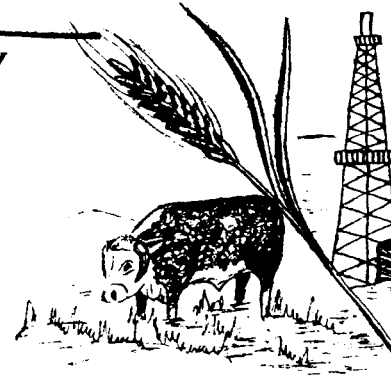
The Montana Assessor's Association recommends a do pass on H.B. 389.

EXHIBIT 3
DATE 2/9/95
HB 389



PONDERA COUNTY

20 4TH AVENUE S.W.
CONRAD, MONTANA 59425



Representative Chase Hibbard, Chairman
House Taxation Committee

Dear Chairman Hibbard,

Pondera County wishes to go on record in support of HB 389. This bill would allow counties the option of having an elected county assessor, who in turn could be designated an agent of the Dept. of Revenue. It would also allow the county computer system to be the primary location for computerized tax records.

The Master Ownership Data System or (MODS) as proposed by the Dept. of Revenue will result in the loss of local control. The ownership data base should be kept and maintained at the level closest to the source of input information. Master data files may contain much more information than is used by Revenue employees. The costs of maintaining this system have not been fully assessed. It appears that counties will bear the burden of providing the automated interfaces required to gain access to our own records. We strongly urge a do pass recommendation for HB389.

Sincerely,
Pondera County Commissioners

Bill Rappold

Bob E. [unclear]

Bob Wood

EXHIBIT 4

DATE 2/9/95

Office of HB 389

The Board of County Commissioners

Granite County

COMMISSIONERS
ALLEN A. MORRISON, CHAIRMAN
5080 HIGHWAY ONE
PHILIPSBURG, MT 59858
FRANK WALDBILLIG
P.O. BOX 1
PHILIPSBURG, MT 59858
EARL A. MARTIN
BOX 402
DILLAMOND, MT 59832
OFFICE TELEPHONE
406-869-3771

Post Office Box 3

Philipsburg, Montana 59858

HOUSE BILL 389 BEFORE HOUSE TAXATION COMMITTEE

Hearing: February 9, 1995

Testimony in support by Granite County Commissioner Earl Martin

MR. CHAIRMAN, COMMITTEE MEMBERS, LADIES AND GENTLEMEN:

My name is Earl Martin and I am a County Commissioner from Granite County. I am here with my colleagues today to testify in support of House Bill 389.

This is a bill sponsored at the request of Granite and Powell Counties to give those counties that surrendered their assessors to the state and found it unsatisfactory an option. This gives them an opportunity to reinstate their assessors as elected officials and those counties that elected to keep their assessors to retain ownership of the county computer system and tax records that belong to the county.

We believe that this returns some control to the county level where locally elected assessors are familiar with the taxpayers, special improvement districts, plat books and property valuations.

We believe that the present system flies in the face of the governor's intentions to return authority to local governments as stated in his recent speeches on the State of the State and on Local Government Day.

From Granite County's experience this past year under the Department of Revenue our assessor has had to make 300 corrections on assessments and 50 corrections on tax statements because the DOR information was not accurate. She normally has only a few corrections to make. The DOR has asked us if we would send our information to them as it was

more accurate. For this reason we believe that the county computer system should be the primary residence of tax records. The bill provides that the elected assessor will continue to be an agent of the DOR and we believe that this cooperation is necessary. Also, we feel that the DOR should pay one-half of the assessors salary and benefits.

We do not feel that this would be an added expense for the department and may not require the DOR to hire more personnel as they have requested.

We thank Representative Don Larson for introducing this bill and our thanks to the committee for hearing our testimony. We hope for a favorable recommendation on House Bill 389 to the entire house.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
OF GRANITE COUNTY


Earl A. Martin, Member

-END-

EXHIBIT 5
DATE 2/9/95
HB 389

PHILLIPS COUNTY TREASURER
JEAN MAVENCAMP

February 8, 1995

To Whom it may concern:

My name is Jean Mavencamp and I am the Phillips County Treasurer. I would like to urge your support for HB 389 for the following reasons:

First: HB 389 returns to our county an elected official instead of removing one. An elected assessor that is put into office by the people has an liaison between the people of the State of Montana and the Department of Revenue. It is important that a balance is kept, especially when taxation is concerned. A 50/50 split will remove approximately one-half FTE on the State payroll for every County that opts for this option. The State gains; and the County gains.

Second: Keeping the ownership of County records in the County assures the Treasurers that we will be dealing with the property ownership records in the County and not in Helena. The governor has moved to return local control from Helena to the counties and not the other way around. This bill is a move in the right direction for both the governor and this committee.

I recommend a do pass on HB 389.

Respectfully yours:

Jean Mavencamp

FERGUS COUNTY

STATE OF MONTANA

Lewistown, Montana 59457

EXHIBIT 6
DATE 2/9/95
HB 389

PO Box 980
Lewistown, MT 59457
February 7, 1995

The Honorable Representative Chase Hibbard, Chairman
and Members of the House Taxation Committee

Dear Committee:

I am writing this letter in support of HB 389 and in hopes that you, too, will support this Bill.

Fergus County is one of the many counties that lost their elected Assessor in the restructuring of the Department of Revenue. I can testify that this was not the best course of action for Fergus County.

My main concern is the county computer system and the question of whether the state system or the county system is the primary storage unit for tax records. I maintain that the county system **MUST BE THE PRIMARY SYSTEM MAINTAINED** to service the taxpayers of our County. There has been much discussion with DOR on who and what is maintained first - then the question arises as to who will upload/download to whom. I feel very uneasy when you talk uploading/downloading and the accuracy of the information being transferred. When the County system was used solely, we did not have the errors that I have dealt with the past year and a half.

PLEASE, SUPPORT HB 389. Thank you.

Sincerely,



Susan Spurgeon
Fergus County Treasurer/Assessor
406/538-9220

EXHIBIT 7
DATE 2/9/95
HB 389



Board of County Commissioners

P.O. Box 278

VIRGINIA CITY, MONTANA 59755

Phone 406-843-5392

COMMISSIONERS

John Allhands
District 1

Ward Jackson
District 2

Dorothy Stone
District 3

Julle Lueck
Administrative Assistant

February 9, 1995

House Taxation Committee
House of Representatives
Capitol Station
Helena, MT 59620

RE: HB 389

Dear House Taxation Committee:

The Board of Madison County Commissioners unanimously support HB 389 allowing an elected County Assessor to be designated as an agent to the Dept. of Revenue to be paid 50% by the State, to provide a method to deconsolidate county offices, and to provide that the computer system is the primary storage location for computerized tax records.

Madison County is very concerned about the future of Madison County's income generated by real and personal property taxes. Right now Madison County does not have control of the tax appraisal or assessment functions of Madison County. The Madison County taxpayers deserve the right to control the tax functions by representation of the County Commissioners and an Elected Assessor.

DOR:

In the past 12 years as Commissioner, I cannot remember the Dept. of Revenue following through with their agreements or promises. For example:

HB 50 stated that the property tax records would be maintained within each county. As far as I can tell, through the proposed MOD system, the State is taking control of the property tax records and making the Counties pay to get the information back.

Through HB 50 the DOR also provided a \$1.2 million savings through restructuring. Prior to HB 50, the Elected Assessor was the office manager and was overseen by an area manager. The State had 7 area managers. Now, the DOR still has the previously Elected Assessors (called PVS) plus 13 Office Supervisors, 13 Field Supervisors and 13 Area Managers. Tell me how much money the DOR has saved? Even though

the majority of the Counties have been opposed to the MOD system and the legislature has not approved the MOD system, the DOR is still spending money to implement the system. Tell me how much more the DOR has really saved?

With the passage of HB 50 in the 1993 special session, many counties consolidated their Office of Assessor and acted out in good faith the terms set forth in HB 50. In fact, contracts were actually signed by Randy Wilke, DOR. The agreement outlined that the Assessor duties would not change, just their elected status. However in six short months this all changed again. The used to be Assessor's management duties were then replaced by an Office Supervisor.

HOW IS IT REALLY FUNCTIONING

Before HB 50 Madison County had an Elected Assessor plus 1 and 1/2 employees for the Assessment Functions. The Appraisal Office had 2 employees. Now, the Appraisal Office has two people in the field and one doing the paperwork. The Assessment Office has one person doing what 2 1/2 people used to do, but don't forget, the DOR has the team concept in place. This by the way means that if the office is falling behind, other staff members within your region will be sent to help. We have seen very little of this helpful staff, and if I am not mistaken, the Area Manager has been to Madison County 3 times this year. One of those times was to help move furniture. And the last time she was here was just 2 days ago wondering what my concerns were with the MOD System and why I was supporting HB 389. She admitted that Madison County has been neglected over the past few months, due to the MOD meetings, work plan meetings, and training sessions that she and the supervisor had to attend.

The Assessment Office in Madison County is obviously behind with only one person doing the assessment work. Madison County relies on the mobile home taxes going out in March and the personal property taxes going out in April. Neither of these deadlines will be met. How will the Madison County Commissioners and Treasurer find the cash to get us through until the DOR can get the work done. Wait, maybe the team concept will work -- the team should have been here months ago, so I won't hold my breath.

The restructuring also provided that the PVS would spend 40-50% of her time in the field picking up personal property. With one person doing the assessment functions, how is this supposed to be possible?

MOD SYSTEM

First of all, as I have stated before, HB 50 provided that the property tax records would be maintained within each county. The information belongs to the counties not the State.

I have a letter from Mick Robinson of the DOR that states (quote) "You requested that names and addresses continue to be updated in both the MOD system and the county systems until we have worked out a suitable electronic update process with each county. **We will honor your request.** The Department will be proceeding with a limited development and implementation of the MOD System...." According to the Area Manager the MOD System will be installed and functioning on March 6, 1995, in Madison County and the information will be entered into the MOD System, not the County system starting March 6. Is that what you call limited development and working out a suitable process?

The State computer equipment is also something to be desired. Sometimes it works, sometimes it doesn't. The Counties cannot afford to depend on the State equipment for the daily information needed by taxpayers.

One of the items concerning the MOD system that really irritates me is that the information belongs to the Counties, not to the State. Why should the State be able to take that information and use it and then make the Counties pay to get the information back? Will the Counties get the information back on a timely basis? The DOR has stated that they need the information to print the tax assessments. Madison County would be more than glad to print and mail our own tax assessments.

I am also skeptical of the proposed downloading. Our assessment personnel cannot remember one download with the State that was 100% successful.

The DOR recently sent us a letter with attachments stating how much the download would approximately cost from the State system to the County system. Why should we have to pay for our own information? Through the limitations of I 105, how are we supposed to pay for the downloads? You know who will end up paying for the downloads – you, the taxpayer!

SUMMARY

Madison County is opposed to the MOD system, where the Counties are the last to receive pertinent information that belongs to the Counties and that is needed on a daily basis. The taxpayers of Madison County and all

other counties should be able to have current assessment information at any given time of the day, any day, at no cost.

The DOR has continually upheaved the operation of probably the most important office of the County's Revenue Generating System. We need the functions of the Appraisal and Assessment Offices to run efficiently for stability of Madison County. In order for that to happen Madison County needs to be in control of the Assessment Office and the information in the County.

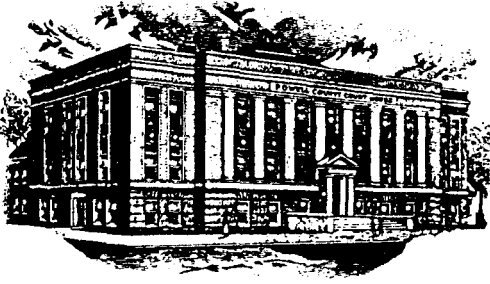
A vote for HB389 would give the Counties control of our own destiny and future.

Sincerely,

John Allhands, Chairman
Board of Commissioners
Madison County

COUNTY OF

POWELL



DEER LODGE, MONT.

February 9, 1995

Mr. Chairman and Committee Member,

My name is Gail Jones. I am a Commissioner for Powell County. My testimony on H.B. 389 is on behalf of the Powell County Commissioners.

We support H.B. 389 because it allows choice for the counties that consolidated their assessor's office to deconsolidate; if they have determined that the position of an elected assessor is vital to the day to day business of the county. The option to reverse that decision and restore the duties of the assessor in statute is the purpose of this bill.

Our Board has found through comment and conversations the value placed on our assessor by the citizens of Powell County. The personal services delivered in a timely manner is expected, deserved and necessary. The most effective and responsive government is that government that is closest to the people.

We share an unique partnership with the Department of Revenue. The Department provides equalized valuation to all the counties in the State. Our individual county taxable valuation is what we are dependent on for our levy system and millage. The operation of our budget is dependent on accurate projections for that taxable value. In June, we are able to have a projection for our taxable value from our county computer system. Our computer system not only stores the valuation data but also all of specials and fire districts and fee districts. Therefore, it is imperative that the county computer system be and remains the primary residence for our records.

Thank you for the opportunity to speak to you on this issue.

Wm Valiton, Chairman
Kenneth P. Fleming
Gail Jones

EXHIBIT 9
DATE 2/9/95
HB 389



Commissioners
Lee Matejovsky, Chairman
Dean Harmon, Member
Dorothy Cody, Member

400 2nd Avenue South
Wolf Point, MT 5920

COUNTY OF ROOSEVELT
Office Of
COUNTY COMMISSIONERS

Mr. Chairman and Members of the Committee:

For the record, my name is Dorothy Cody and I am a Roosevelt County Commissioner. I have traveled 411 miles, one way, to appear here this morning in favor of HB 389.

I have worn the hat of a State Representative, a County Assessor and now a County Commissioner so I am speaking to you today from the experiences I have gained in those elected offices.

HB 389 will give the Counties the option of returning to the people their elected County Assessors. There is currently no provision in the law that would allow that. If a County believes that the local people want their County Assessor back, then this bill would take care of that problem.

HB 389 would also make the County Computer System the permanent home of the Property Tax Records. The bill would prevent the Department of Revenue from not only taking the records and housing them in Helena, but it would also eliminate the possible future effort by the Department to take over the functions of printing the tax statements in Helena and even possibly collecting the taxes.

I'm sure you will hear protestations from the Department that they certainly have no such intentions to go that far, however, I can tell you from past experience that I've heard similar protestations and yet, it eventually happens.

Past history speaks loudly to the Department's credibility and this bill will help to offer some guarantee to the Counties that those things definitely won't happen. In the past, Counties have been stuck holding the bag with increased costs for such things as Computer maintenance and operation plus Administration.

Your constituents and mine do not wish to increase the size of Government in Helena by taking over local government records. The more they assume in Helena, the less people have access to their Government. The costs also increase for the State as they need bigger Computers to do the job and more people to operate them.

Commissioners
Lee Matejovsky, Chairman
Dean Harmon, Member
Brothy Cody, Member



400 2nd Avenue South
Wolf Point, MT 59201

COUNTY OF ROOSEVELT
Office Of
COUNTY COMMISSIONERS

In the process of re-structuring the Property Assessment Division, the Legislative intent did not seem to be to central-ize all of its functions in Helena. It does not necessarily follow that bigger is better.

Local Government is more accessible, more accountable, more effiecient and more effective for local people. HB 389 will keep that relationship with the people as it should be.

Your support for this bill will be greatly appreciated by those of us who serve locally.

Thank you.

EXHIBIT- 10
DATE 2/9/95
HB 188

Amendments to House Bill No. 188
First Reading Copy

Requested by Subcommittee
For the Committee on Taxation

Prepared by Lee Heiman
February 3, 1995

1. Title, lines 5 through 12.
Strike: "REVISING" on line 5 through "VEHICLES;" on line 12
2. Title, line 13.
Strike: "MAKING PERMANENT"
Insert: "EXTENDING"
3. Title, lines 14 through 17.
Strike: "RAISING" on line 14 through "COSTS" on line 16
Strike: "SECTIONS" on line 16 through the first "AND" on line 17
Insert: "SECTION"

Strike: "; REPEALING" on line 17
Insert: ", "
4. Title, line 18.
Strike: "EFFECTIVE DATES"
Insert: "AN IMMEDIATE EFFECTIVE DATE"
5. Page 1, line 22 through page 9, line 2.
Following: enacting clause
Strike: the remainder of the bill in its entirety
Insert: "Section 1. Section 61-3-537, MCA, is amended to read:
"61-3-537. (Temporary) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a property tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).
(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2). The local vehicle tax is distributed as follows:
(a) 50% to the county; and
(b) the remaining 50% to the county and the incorporated cities and towns within the county, apportioned on the basis of population. The distribution to a city or town is determined by multiplying the amount of money available by the ratio of the population of the city or town to the total county population. The distribution to the county is determined by multiplying the amount of money available by the ratio of the population of unincorporated areas within the county to the total county population.
(3) The governing body of a county may impose, revise, or revoke a local vehicle tax ~~for a fiscal year~~ by adopting a resolution before July 1 ~~of the fiscal year~~, after conducting a public hearing on the proposed resolution. The resolution may provide for the distribution of the local vehicle tax.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB 389
 DATE 2/9/95 SPONSOR(S) Rep. Larson

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

| NAME AND ADDRESS | REPRESENTING | BILL | OPPOSE | SUPPORT |
|------------------|-----------------------|------|--------|---------|
| Janice L. Bowen | Granite Co. | 389 | | X |
| Steve Hellenthal | YELLOWSTONE COUNTRY | 389 | | X |
| Arlette Derfalk | GALLATIN Co | 389 | X | |
| William Baldus | Gallatin Co | 389 | X | |
| Earl Wotter | Brownlee Co | 389 | | X |
| DON KIMMANN | MFSE | 389 | | X |
| Walter Kahoe | Granite Co | 389 | | X |
| Qualls | Granite Co | 389 | | X |
| JIM FARRANKS | LINCOLN | 389 | X | |
| Care Pahr | Powell | 389 | | X |
| Cheryl Gattley | Anaconda - Deer Lodge | 389 | | X |
| John Allhands | Madison Co | 389 | | X |
| GAIL JONES | POWELL Co | 389 | | X |

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

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB 389
 DATE 2/9/95 SPONSOR(S) Rep. Larson

PLEASE PRINT

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| NAME AND ADDRESS | REPRESENTING | BILL | OPPOSE | SUPPORT |
|----------------------------|-------------------------------|------|--------------|---------|
| DOROTHY A. CODY WOLF POINT | ROOSEVELT COUNTY | | | X |
| Art Arnold Box 4, Matka | Valley Co. Comm. | | | X |
| Carol Kienenberg | Phillips Co Comm/Treasurer | | | X |
| John E. Witt | Blount Co Comm | | | X |
| Wayne A. Hatt | PHILLIPS Co. COMM. | | | X |
| Francis J. Jacob | Phillips Co Comm. | | | X |
| GLENN E FISHER | PHILLIPS CO | | | X |
| Bill Rappold | Bonanza Co. Comm. | | | X |
| DENNIS BURK | MONTANA | | X | |
| Norm Calvert | FLATHEAD COUNTY Camp Falls | | X | |
| Vern Peterson | Fergus County | | | ✓ |
| Jake Chambers | MT FARM BUREAU | | X | X |

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