

## **MINUTES**

### **MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION COMMITTEE ON TAXATION**

**Call to Order:** By **CHAIRMAN GERRY DEVLIN**, on January 10, 1995, at 8:00 a.m.

#### **ROLL CALL**

**Members Present:**

Sen. Gerry Devlin, Chairman (R)  
Sen. Mike Foster, Vice Chairman (R)  
Sen. Mack Cole (R)  
Sen. Delwyn Gage (R)  
Sen. Lorents Grosfield (R)  
Sen. John G. Harp (R)  
Sen. Dorothy Eck (D)  
Sen. Barry "Spook" Stang (D)  
Sen. Fred R. Van Valkenburg (D)

**Members Excused:** Sen. Van Valkenburg

**Members Absent:** None

**Staff Present:** Jeff Martin, Legislative Council  
Rene'e Podell, Committee Secretary

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

**Committee Business Summary:**

Hearing: SB 45, SB 57  
Executive Action: SB 45, SB 57

#### **HEARING ON SB 45**

**Opening Statement by Sponsor:**

**SEN. TOM BECK, Senate District 28**, explained that SB 45 comes from the Revenue Oversight Committee. He presented a brief history from the November, 1993, Special Legislature on SB 18. He noted that SB 18 provided important tax incentives for the oil industry remarking that one of the incentives was an 18 month tax exemption on horizontally completed oil wells. **SEN. BECK** stated that when the 18 months expired, the well would be taxed at 7%. He noted that the problem with SB 18 was not the 18 month exemption, but that the language was unclear as how the oil production was to be taxed once the exemption period had expired.

He reported that SB 45 is a clean up bill clarifying to whom the tax is paid and when.

Proponents' Testimony:

Don Hoffman, Natural Resources Bureau Chief, Department of Revenue, said that the department supports this legislation.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

None

Closing by Sponsor:

SEN. BECK had no further comments upon closing.

HEARING ON SB 57

{Tape: 1; Side: A; Approx. Counter: 3.9.}

Opening Statement by Sponsor:

SEN. KEN MESAROS, Senate District 25, reported that currently if a landowner wishes to appeal his property assessment notice he has 15 days to respond after receiving the notice. He stated that this amount of time isn't sufficient and requested that the time frame be extended to 30 days. He submitted an amendment from the Department of Revenue.

Proponents' Testimony:

Mick Robinson, Director, Department of Revenue, voiced his support for SB 57, stating that 15 days is not sufficient appeal time.

Bob Stephens, reported that he served 15 years on the Teton County Tax Appeal Board and has found that 15 days is not sufficient appeal time. He supported this legislation.

Jere-Ann Nelson, State Tax Appeal Board, commented that the board has no problem with the bill and that it will not have any fiscal impact.

Opponents' Testimony:

None

Informational Testimony:

None

{Tape: 1; Side: A; Approx. Counter: 10.4.}

Questions From Committee Members and Responses:

SEN. DELWYN GAGE asked Mr. Robinson if an effective date could be added to SB 57. Mr. Robinson affirmed that he had no problem with adding an effective date.

CHAIRMAN GERRY DEVLIN expressed his concern with the long amendment. He asked Mr. Robinson if the long amendment expanded the meaning of the bill. Mr. Robinson said that the amendment basically just extends the 15 day appeal period.

Closing by Sponsor:

SEN. MESAROS summarized that this legislation will probably cut down on appeals allowing more time for people to meet with the department and discuss their assessment concerns. He urged support for this bill.

{Tape:1; Side: A; Approx. Counter: 11.5.}

EXECUTIVE ACTION ON SB 45

Motion: SEN. GAGE MOVED DO PASS ON SB 45.

Discussion: None

Vote: MOTION CARRIED UNANIMOUSLY on oral vote.

EXECUTIVE ACTION ON SB 57

Motion: SEN. DOROTHY ECK MOVED THE DEPARTMENT OF REVENUE'S AMENDMENTS BE ADOPTED. (Filed 081039SC.SRF)

Discussion: None

Vote: MOTION CARRIED UNANIMOUSLY on oral vote.

Motion: SEN. GAGE MOVED THAT AN IMMEDIATE EFFECTIVE DATE BE ADDED TO THE BILL. (Filed 081039SC.SRF)

Discussion: None

Vote: MOTION CARRIED UNANIMOUSLY on oral vote.

Motion: SEN. ECK MOVED SB 57 DO PASS AS AMENDED.

Vote: MOTION CARRIED UNANIMOUSLY on oral vote.

ADJOURNMENT

Adjournment: 8:22 a.m.

  
GERRY DEVLIN, Chairman

  
RENEE J. PODELL, Secretary

GD/rp

MONTANA SENATE  
1995 LEGISLATURE  
TAXATION COMMITTEE

ROLL CALL

DATE \_\_\_\_\_

January 10, 1995

[illegible]

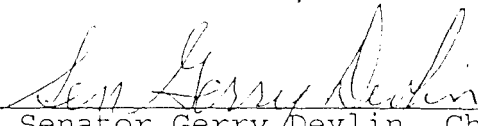
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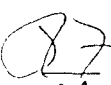
SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
January 10, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB45 (first reading copy -- white), respectfully report that SB45 do pass.

Signed:   
Senator Gerry Devlin, Chair

 Amd. Coord.  
SA Sec. of Senate

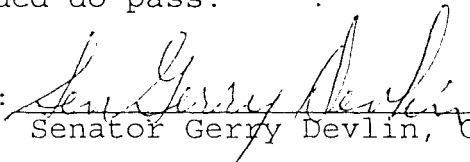
081036SC.SRF

SENATE STANDING COMMITTEE REPORT

Page 1 of 3  
January 10, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB57 (first reading copy -- white), respectfully report that SB57 be amended as follows and as so amended do pass.

Signed:   
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 4.

Following: "TIME"

Insert: "FOR REQUESTING AN ASSESSMENT REVIEW OR"

2. Title, line 6.

Following: "NOTICE;"

Strike: "AND"

Strike: "SECTION"

Insert: "SECTIONS 15-7-102 AND"

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

3. Page 1, following line 20.

Insert: "Section 2. Section 15-7-102, MCA, is amended to read:

"15-7-102. Notice of classification and appraisal to owners -- appeals. (1) The department shall mail to each owner or purchaser under contract for deed a notice of the classification of the land owned or being purchased and the appraisal of the improvements on the land only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:

(a) change in ownership;


(b) change in classification;

(c) change in valuation; or

(d) addition or subtraction of personal property affixed to the land.

(2) (a) The department shall assign each assessment to the correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a standardized form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.

(b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

 Amd. Coord.

Sec. of Senate

081039SC.SRF

(3) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property, as determined by the department or with the classification of the land or improvements, the owner may request an assessment review by submitting an objection in writing to the department, on forms provided by the department for that purpose, within ~~15~~ 30 days after receiving the notice of classification and appraisal from the department. The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give reasonable notice to the taxpayer of the time and place of the review. After the review, the department shall determine the true and correct appraisal and classification of the land or improvements and notify the taxpayer of its determination. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

(4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an appraisal or classification upon the taxpayer's objection unless:

- (a) the taxpayer has submitted an objection in writing; and
- (b) the department has stated its reason in writing for making the adjustment.

(5) A taxpayer's written objection to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are public records. The department shall make the records available for inspection during regular office hours.

(6) If any property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board must be filed within ~~15~~ 30 days after notice of the department's determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the state tax appeal board determines that an adjustment should be made, the department shall adjust



the base value of the property in accordance with the board's order."

NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval."

-END-

EXHIBIT 1  
DATE 1-10-95  
SB 57

Amendments to Senate Bill 57  
Introduced Copy

EXHIBIT 1  
SENATE  
TAXATION  
JAN 10, 1995

Prepared by Department of Revenue  
1/ 9/95 2:28pm

REASON FOR AMENDMENT: This amendment extends the time for a property owner to request the department of revenue to perform a property tax assessment review; from 15 days to 30 days. This amendment parallels the 30 day period of time for filing a valuation appeal as proposed in Senate Bill 57.

1. Title, line 4.

Following: "TIME"

Insert: "FOR REQUESTING AN ASSESSMENT REVIEW OR"

2. Title, line 6.

Following: "AMENDING"

Strike: "SECTION"

Insert: "SECTIONS 15-7-102,"

3. Page 1.

Following: line 20

Insert: "Section 2. Section 15-7-102, MCA, is amended to read:

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- (c) change in valuation; or
- (d) addition or subtraction of personal property affixed to the land.

(2) (a) The department shall assign each assessment to the correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a standardized form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.

(b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

(3) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may

request an assessment review by submitting an objection in writing to the department, on forms provided by the department for that purpose, within ~~15~~ 30 days after receiving the notice of classification and appraisal from the department. The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give reasonable notice to the taxpayer of the time and place of the review. After the review, the department shall determine the true and correct appraisal and classification of the land or improvements and notify the taxpayer of its determination. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

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DATE January 10, 1995  
 SENATE COMMITTEE ON Taxation  
 BILLS BEING HEARD TODAY: S.B. 57  
Senator Ken Mesaros

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
DENNIS BURR	MONTANA TAXPAYERS ASSOC	SB 57	✓	
JEFF ANN Nelson	State Tax Appeal Board	SB 57	✓	
MICK ROBINSON	DUR	✓	✓	
Bob Stephen	Self	57	✓	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE January 10, 1995  
 SENATE COMMITTEE ON Taxation  
 BILLS BEING HEARD TODAY: S.B. 45  
Senator Tom Beck

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Don Hoffman	DOR	SB 45	✓	

# VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY