

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN CHASE HIBBARD, on March 2, 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 126
HB 534
HB 535
HB 572
Executive Action: HB 572 - Do Pass
HB 524 - Do Pass as Amended
HB 561 - Do Pass
SB 56 - Concur as Amended
HB 534 - Do Pass

HEARING ON SB 126**Opening Statement by Sponsor:**

SEN. TOM BECK, Senate District 28, Deer Lodge, said that during the interim he had been a member of the Revenue Oversight Committee and SB 126 originated in that Committee. The Department of Revenue has requested the authority to charge for some of the data they provide to appraisers, realtors and other individuals. The bill was amended in the Senate to assure that the Governor's Office and the Legislative Analyst would not be charged for information they require.

Proponents' Testimony:

Mary Whittinghill, Administrator, Property Assessment Division, said the bill expands language in HB 50 that would allow the Department to charge federal, state and other entities for computer-generated information provided from the Department's mass appraisal system (CAMAS). Local government taxing jurisdictions are not charged for the information. The payments received would be deposited into a special fund to be used for improvements to the appraisal system in terms of technology. She asked the Committee to support this legislation.

Lance Clark, Montana Association of Realtors, distributed copies of his written testimony in support of the bill. EXHIBIT 1.

Opponents' Testimony:

Dennis Burr, Montana Taxpayers Association, spoke in opposition to the bill because the appraisal records are public records and should be accessible to anyone. He said a computer terminal should be made available in the assessor's office so that an individual could look up whatever information was needed and make copies. Providing an entire tape of real property information in a county provides an opportunity to "cruise" through information and look at things that there is no business purpose or need for.

Questions From Committee Members and Responses:

REP. ROSE said he had recently heard testimony that assessors were dissatisfied with the idea that the Department of Revenue was in control of these records. **Ms. Whittinghill** said the information being provided has never been resident in the county computer systems because they would not have enough storage space. The information is available from any assessor's office in the state because their terminals tie directly into the state mainframe system. The details are not in the county systems. The concern of the counties was that as the department advances in technology, they wanted to be sure the information was continually updated on the county systems. The DOR is committed to getting the market value information into the county systems as quickly as possible. **Ms. Whittinghill** clarified that the

charges are for computer-generated tapes or reports and there is no charge for information any individual might request at the assessor's office.

REP. ARNOTT noted that the bill provides for charges to state and federal agencies and she thought this was the very issue that the counties were concerned about. Ms. Whittinghill said the definitions in the bill have been expanded to guarantee that there is no intent to charge local taxing jurisdictions.

REP. ELLIOTT asked Ms. Whittinghill to respond to Mr. Burr's concern. Ms. Whittinghill said that any user can go to a taxpayer inquiry terminal and go through the entire system. The system is made available to cut down on the workload for the Department. The only difference would be that payment would be made for information that is furnished in a different format. She emphasized that the confidential information in the system is not furnished to anyone.

Closing by Sponsor:

SEN. BECK thanked the Committee for the hearing.

HEARING ON HB 534

Opening Statement by Sponsor:

DAN HARRINGTON, House District 38, Butte, said that HB 534 would allow certain undeveloped land owned by a local economic development organization to qualify as an industrial park for property tax purposes. The local government could allow tax-free status only after a hearing and while held by a local non-profit economic development organization. As soon as the land is sold, leased, or otherwise put to use by someone other than that organization, the land is returned to the tax rolls. This bill would provide another economic development tool for local areas of Montana in an effort to bring more industry into the state.

Proponents' Testimony:

Rody Holman, Economic Development Director, Butte-Silver Bow, rose in support of HB 534 because the bill would allow flexibility for local governments and would allow a local economic development organization to begin planning ahead of time.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. REAM asked who the governing body would be. REP. HARRINGTON replied that it could be either a city or the county. REP. REAM asked if it would affect the revenue for school districts. REP. HARRINGTON said it would and it might be possible to amend the bill.

REP. BOHLINGER said he was not acquainted with the type of tax breaks that were available for industrial parks. He asked for an explanation.

{Tape: 1; Side: B.}

Mr. Holman replied that current law allows economic development organizations tax exempt status until such time the property is sold, rented or leased to a private party.

REP. REAM said Mr. Heiman had explained to him that if the property is in the city, the city may approve it but the county would still have the option of approving or disapproving it. The same would be true for the school districts.

REP. SOMERVILLE asked how long the property could be held in a tax exempt status. Mr. Heiman said the governing body has the right to revoke the exemption after a certain length of time.

REP. STORY asked how land now held by an economic development organization had obtained tax exempt status. Mr. Holman said it would have been through previous legislation. HB 534 is an amendment to that legislation. REP. STORY asked if the language expands the process for obtaining the status on additional land. Mr. Holman said that was correct. REP. STORY asked how the 95 mills collected for school equalization is handled. Mr. Holman said he thought it was assessed by the local jurisdiction. REP. ELLIOTT asked if these properties were exempt from school levies. Mr. Heiman said the statute was amended in 1991 to make sure that it would not include the statewide levies. The local school districts have the option of granting the tax exempt status.

REP. ROSE asked how much land, state-wide, might qualify. Mr. Holman said he did not know but the bill would come into play only when the current industrial park begins to fill up. REP. HARRINGTON replied that it would be hard to guess. It would apply when a local organization is able to purchase some land in an area that might attract industry. It would be fairly limited because local economic development organizations don't have a lot of money to buy land.

Closing by Sponsor:

REP. HARRINGTON said it was important to recognize the fact that many communities are trying to develop industrial areas to entice companies to move into the state. No city or county would exempt

too much land from taxes. As soon as the land is put into use, the tax exempt status would cease. This is an important bill for communities trying to develop their resources.

HEARING ON HB 535

Opening Statement by Sponsor:

REP. DAN HARRINGTON, House District 38, Butte, said HB 535 would allow an income tax or corporation license tax credit for preservation of historic buildings. Historic buildings are a great Montana resource and maintaining and utilizing them is an economic resource. Historic buildings are a key to tourist attractions. There is no program in Montana to provide a tax credit for rehabilitation or preservation of historical structures. There is, however, a very successful federal program that allows a 20% federal income tax credit for approved investment in a historic building. The credit applies only if the rehabilitation and preservation is done correctly. The bill provides that if a person qualified for the federal credit, the state tax credit of 25% of the federal credit would be automatic. Therefore, the developer would get a credit of 5% of the amount of money put into the structure.

Proponents' Testimony:

Mark Previs, Historic Preservation Officer and Architect, said the bill would provide another tool which would serve as an incentive to rehabilitate important historic structures. The federal certification process to get the tax credit is extensive. The credit would be for properties that are income-producing and it would allow Montana investors to capitalize the cost and make these projects happen.

Brian Cockhill, Montana Historical Society, testified in support of the bill because it would offer incentives that would be good business for the state both through investment in construction and the tourism that would occur as a result. He advised that the Montana Historical Society does the certification for the federal government and would be heavily involved in the operation of this bill. He said this is the kind of investment the state should make to encourage businesses that produce income.

Marcella Sherfy, Preservation Officer, Montana Historical Society, said the federal tax credit for preservation of historical building has been in effect since 1976 and a number of Montana developers, architects and businessmen are familiar with the credit. She explained the federal certification process.
EXHIBIT 2.

Tom Harrison, Montana Society of Certified Public Accountants, said the Society views this bill as an economic development bill.

The saving of historical structures adds to tax rolls and he encouraged the Committee's support of the bill.

Gretchen Olheiser, Vice-President, Montana Preservation Alliance, spoke in favor of the HB 535. A copy of her testimony is attached. EXHIBIT 3.

Rody Holman, Economic Development Officer, Butte-Silverbow, said he supported HB 535. He also presented written testimony from the Montana Economic Developers Association. EXHIBIT 4.

Tom McNass, Montana Technical Council, said he represented 1,500 design professionals in Montana who support the bill for the reasons already presented.

{Tape: 2; Side: A.}

Jim Driscoll, Montana Cultural Advocacy, rose in support of HB 535.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. BOHLINGER asked the sponsor if he thought a credit of 5% was enough. **REP. HARRINGTON** said he would agree that it probably wasn't enough but his main intent was to come up with a bill that would be satisfactory to everyone.

REP. STORY asked if the credit was allowed only on commercial property. **Mr. Cockhill** said that was one of the qualifications under the federal program.

REP. RYAN asked how much the program would cost. **Ms. Sherfy** said that over the past few years between \$5 million and \$10 million per year in projects has been certified and 20% of that could be used as a federal tax credit. She said she couldn't give an accurate answer because a lot would depend on the owner's tax situation.

Closing by Sponsor:

REP. HARRINGTON said some good points had been brought out in the hearing and state should be taking part in the program of preserving historic buildings located in many Montana communities.

HEARING ON HB 572Opening Statement by Sponsor:

REP. DAN HARRINGTON, House District 38, Butte, said HB 572 is another economic development bill. It would extend the time an economic development levy is effective from five years to six years. Since elections are held every two years, it would not be necessary to hold a special election when the five-year period expires.

Proponents' Testimony:

Rody Holman, Economic Development Officer, Butte-Silverbow, spoke in favor of HB 572. The bill would save the taxpayers the expense of a special election and allow economic development organizations an opportunity to focus on their job rather than lobbying local governments and taxpayers to try to pass a levy. He also presented written testimony from the Montana Economic Developers Association in support of the bill. EXHIBIT 5.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. STORY asked why the sponsor chose to extend the period to six years rather than reduce it to four years. REP. HARRINGTON said there is a cost to running elections and, after six years, if the people don't want to support the levy, they can vote it down.

Closing by Sponsor:

REP. HARRINGTON said he hoped the Committee would give this bill a do pass recommendation.

EXECUTIVE ACTION ON HB 524Motion:

REP. BOHLINGER MOVED THAT HB 524 DO PASS.

Discussion:

Mr. Heiman advised that there were amendments to the bill. EXHIBIT 6. He said the amendment would strike "major" and insert "primary" which would tighten up the provision on economic well-being. The amendment also coordinates the bill with the privatization of liquor stores bill. Mr. Heiman explained that the amendments were the result of questions asked and points brought out during the hearing.

REP. ELLIOTT asked if there might be a possibility that a bar pays a tax when it buys liquor from a distributor and then charge a sales tax when it is resold by the drink. Mr. Heiman said that, under the new bill, the bar receives an 8% discount when it buys from an agency store. The tax would apply to retail sales and the purchase from the agency liquor store would be a wholesale purchase.

REP. RANEY asked if the definition of secondary source of economic well-being had been determined.

REP. ELLIOTT said that was a valid point but it would be up to the Department of Revenue to determine that.

REP. REAM said that shouldn't be a problem because secondary means "second in line."

REP. ELLIOTT said the problem with the language is that it says "the primary or a secondary" which implies a secondary could be one of any number of secondary sources of economic well-being.

{Tape: 2; Side: B.}

Motion\Vote:

REP. REAM MOVED TO AMEND THE AMENDMENT TO SPECIFY "THE SECONDARY" IN PLACE OF "A SECONDARY." On a voice vote, the motion passed unanimously.

Vote:

On a voice vote, the amendments, as amended, were adopted unanimously.

Motion:

REP. BOHLINGER MOVED THAT HB 524 AS AMENDED DO PASS.

Discussion:

REP. BOHLINGER said he recalled the testimony from proponents indicating that a community of 4,300 is providing accommodations for 30,000 people and their ability to provide for infrastructure maintenance is not possible. He noted that the significant portion of the town's budget is used for police and fire protection and they are unable to maintain their streets and water systems. What is being proposed is a local option tax and it would be up to the community to decide what was in its best interests. He said the Legislature should provide them the opportunity to vote on the issue.

REP. SWANSON said there is no doubt that Whitefish has a legitimate problem. The larger question should be asked about taxation in general regarding this type of tax. She read an

article from the *Missoulian* which was in favor of the bill but criticized the fact that the legislation would allow only a few communities the right to tax themselves. She said she would ask the Committee to consider seriously whether the permission to tax should be given out to one community at a time.

REP. STORY said he had no objection to helping Whitefish. He said that if the economic well-being was related to employment, a lot of communities would qualify. He said he also had concern about "piecemeal" taxation.

REP. SOMERVILLE said he strongly supported the bill.

REP. BOHLINGER said that even though other communities might qualify, they may not necessarily vote for the tax. He used Red Lodge, which turned the tax down, as an example. There is no assurance that Whitefish will vote for the tax.

REP. HARPER said he had always been opposed to local option taxes but he would support this bill. He said he also believed that if there was ever to be a state-wide sales tax, this would be the only one that would have a chance. He said that for him to say he would not vote for the bill because it would not offer the same opportunity to other communities would be shortsighted. He said the Committee could, if it so desired, prepare a committee bill that would provide for a statewide local option tax, but it would not be fair to jeopardize the Whitefish bill. He said this is an enabling bill, not a tax bill.

REP. ARNOTT said she was a supporter of local control and for that reason would support the bill.

REP. WELLS said it was hard to compare West Yellowstone with Whitefish because West Yellowstone is isolated from other communities and the people voted for the tax knowing there was no place else to go. He thought some of the local businesspeople might get hurt.

REP. REAM said that when the original bill was passed, it was the people in business who supported the bill. He said people all over the state are complaining about property tax and this is a mechanism where the Legislature can allow communities to reduce property tax by transferring costs to people passing through who use the services. He said tourism has become the secondary industry for all of Montana and every possible mechanism should be used to tax them. **REP. REAM** said he thought every community in the state should have the same option. He said he would support a committee bill.

REP. ELLIOTT noted that the only opposition to the bill was offered by an individual who lived in Helena.

REP. FUCHS advised that he had prepared amendments to HB 470 to allow for a general local option sales tax if the Committee was interested in introducing a bill.

{Tape: 3; Side: A.}

REP. RANEY said it was not fair to give one or two communities an opportunity that many other communities need. He noted that the infrastructure in Livingston, where tourism would probably be considered the secondary industry, is just as bad as it is in Whitefish, yet they would not qualify because of the population cap.

REP. HARPER said he could sympathize with Rep. Raney and was prepared to see a bill brought before the Committee that would address the problem of other communities; however, he said the bill under consideration is a small act of kindness for Whitefish who did all the work to bring the bill to the Legislature.

CHAIRMAN HIBBARD said he would support the bill, in spite of the fact that he had served on the Montana Tax Reform Coalition that worked hard toward property tax relief through a sales tax. He said he had also been opposed to local option sales taxes because they are unfair and detract from the effort to put in place a statewide tax reform plan. CHAIRMAN HIBBARD said the reason he supports this bill is that it simply liberalizes an existing statute. He said it was important to remember that the community must be designated a "resort area" by the Department of Commerce.

Vote:

On a roll call vote, the motion passed 16 - 4.

* * * * *

REP. SWANSON said she would volunteer to serve on a sub-committee to discuss a local option tax to be brought before the Committee to determine if there would be enough interest to introduce a committee bill. REP. SOMERVILLE, REP. HARPER and REP. FUCHS were also named as sub-committee members. REP. SOMERVILLE was appointed chairman.

Motion:

REP. HARPER moved that the sub-committee draft a bill for a local option tax.

Discussion:

REP. ELLIOTT said he would support the motion. However, he suggested that the type of tax should be determined by the community so it could be either a sales tax or an income tax.

REP. RYAN said he would not want to harm the Whitefish bill by introducing broader legislation.

REP. NELSON said that in addressing the sales tax portion of the bill, it should be the responsibility of the community to identify the items to be taxed.

REP. REAM said he did not think a bill for a local income tax would pass. He recommended that the tax should be a luxury tax, along the same lines as the resort area local option tax.

REP. ELLIOTT pointed out that the Legislature has done nothing to help local communities that are in need of financial help.

REP. REAM said there would be fear on the part of the Republicans that there would be local option income tax and fears on the part of Democrats that there would be a general local option sales tax. The luxury tax is something that is "in between" and would be paid in part by out-of-state people to assist local taxing jurisdictions to offset property tax.

REP. ELLIOTT agreed that this would be the only way to tax tourists.

REP. FUCHS said the bill should be directed toward tourism and relief for Montanans. The focus should be on a luxury tax.

REP. STORY said the sub-committee might also consider the option of pulling the cities out from under I-105 and allowing the voters to vote for increases in property tax or caps on mills or whatever they wanted to do.

REP. HARPER WITHDREW HIS MOTION.

REP. ELLIOTT said it would be possible to amend the Kitzenberg bill. He explained that this discussion was the most interesting, important and rational discussion he had ever participated in on general taxation. He pointed out that it was very rare for a committee to agree that there was a problem and a willingness to work together to find a solution. REP. ELLIOTT suggested that the sub-committee allow all Taxation Committee members to attend its meetings to provide direction.

CHAIRMAN HIBBARD asked the sub-committee to narrow the scope of the bill and allow Committee members to attend to provide input into the bill. He asked the sub-committee to report back no later than Wednesday, March 8.

EXECUTIVE ACTION ON HB 561

Motion:

REP. ROSE MOVED THAT HB 561 DO PASS.

Discussion:

REP. RYAN spoke in favor of the bill.

{Tape: 3; Side: B.}

REP. JORE spoke against the bill because he objected to all fee increases and he also objected to any group coming before the Legislature saying, "tax us, so we can pay our own way." He said that is not always true because all users were not represented in the group.

REP. ROSE said he would support the bill because training may help prevent injuries which can be expensive for the state.

REP. SOMERVILLE said he had contacted the local ABATE group in Kalispell who were all in favor of the increase; therefore, he would support the bill.

REP. STORY said the fee is assessed every year on every bike and some individuals would have to pay for a service they might never use. He said the program should be funded by a one-time user charge paid by the people taking the classes.

REP. RANEY pointed out that the original legislation had asked for a \$5 fee and, through an error on the part of the motor vehicle department in determining the number of registered motorcycles in Montana, the bill was amended to \$2.50.

REP. ARNOTT said it was the responsibility of the person riding the motorcycle to obtain training.

Vote:

On a roll call vote, the motion passed 12 - 8.

EXECUTIVE ACTION ON SB 56**Motion:**

REP. ELLIOTT MOVED SB 56 BE CONCURRED IN. REP. ELLIOTT THEN MOVED THAT THE AMENDMENTS TO SB 56 DO PASS.

Discussion:

Without objection, Bob Turner, Department of Revenue, explained that the amendment would put the language in the bill back to the way it was when it was introduced prior to being amended in the Senate. EXHIBIT 7.

REP. ROSE asked why the bill was amended in the Senate. REP. ELLIOTT replied that Sen. Stang had an objection to the bill which has since been resolved.

REP. FUCHS asked how many people use the second extension. Mr. Turner said it was 2.8% of Montana taxpayers, approximately 8,000.

Vote:

On a voice vote, the amendment passed unanimously.

Motion/Vote:

REP. ELLIOTT MOVED THAT SB 56 AS AMENDED BE CONCURRED IN. On a voice vote, the motion passed 20 - 0.

EXECUTIVE ACTION ON HB 572

Motion:

REP. HANSON MOVED THAT HB 572 DO PASS.

Discussion:

None.

Vote:

On a voice vote, the motion passed 17 - 3.

EXECUTIVE ACTION ON HB 534

Motion:

REP. ARNOTT MOVED THAT HB 534 DO PASS.

Discussion:

Mr. Heiman said there had been some question about the fiscal note and he had determined that it was correct.

REP. STORY said he thought it would be very difficult to obtain an exemption under this legislation.

Vote:

On a voice vote, the motion passed 18 - 2.

EXECUTIVE ACTION ON HB 363

Motion:

REP. SWANSON MOVED THAT HB 363 BE REMOVED FROM THE TABLE.

Discussion:

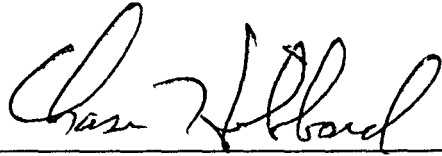
REP. SWANSON she had new charts prepared by the Department of Revenue that would make the bill easier to understand.

Vote:

On a roll call vote, the motion failed 11 - 8.

ADJOURNMENT

Adjournment: 11:00 a.m.



CHASE HIBBARD, Chairman



DONNA GRACE, Secretary

CH/dg

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL

DATE March 2, 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	✓		

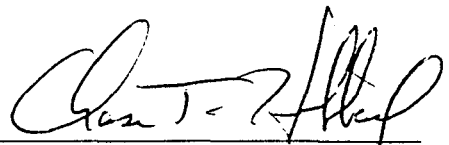


HOUSE STANDING COMMITTEE REPORT

March 2, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that **House Bill 572** (first reading copy -- white) **do pass**.

Signed: 
Chase Hibbard, Chair

Committee Vote:
Yes 17, No 3.

491206SC.Hdh



HOUSE STANDING COMMITTEE REPORT

March 2, 1995

Page 1 of 2

Mr. Speaker: We, the committee on **Taxation** report that **House Bill 524** (first reading copy -- white) **do pass as amended.**

Signed: *Chase Hibbard*
Chase Hibbard, Chair

And, that such amendments read:

1. Title, line 5.

Following: "COMMUNITY;"

Insert: "PROVIDING A CONTINGENT AMENDMENT TO AUTHORIZE TAXATION
OF LIQUOR SALES FROM AGENCY LIQUOR STORES;"

Strike: "SECTION"

Insert: "SECTIONS"

Following: "7-6-4461"

Insert: "AND 7-6-4463"

2. Title, line 6.

Strike: "AN IMMEDIATE"

Strike: "DATE"

Insert: "DATES"

3. Page 2, line 3.

Strike: "a major"

Insert: "the primary"

Following: "or"

Insert: "the"

Committee Vote:

Yes 16, No 4.

491157SC.Hdh

4. Page 2, line 7.

Insert: "NEW SECTION. Section 2. Coordination instruction. If House Bill No. 574 is passed and approved, then 7-6-4463 is amended to read:

"7-6-4463. Limit on resort tax rate -- goods and services subject to tax. (1) The rate of the resort tax must be established by the election petition or resolution provided for in 7-6-4464, but the rate may not exceed 3%.

(2) (a) The resort tax is a tax on the retail value of all goods and services sold within the resort community or area by the following establishments:

(i) hotels, motels, and other lodging or camping facilities;

(ii) restaurants, fast food stores, and other food service establishments;

(iii) taverns, bars, night clubs, lounges, agency liquor stores, and other public establishments that ~~serve~~ sell beer, wine, liquor, or other alcoholic beverages ~~by the drink~~; and

(iv) destination ski resorts and other destination recreational facilities.

(b) Establishments that sell luxuries ~~must~~ shall collect a tax on such luxuries.""

Renumber: subsequent section

5. Page 2, line 8.

Strike: "date"

Insert: "dates"

Strike: "[This act] is"

Insert: "(1) [Section 1] and this section are"

6. Page 2, line 9.

Insert: "(2) [Section 2] is effective July 1, 1995."

-END-

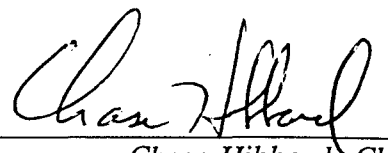


HOUSE STANDING COMMITTEE REPORT

March 2, 1995

Page 1 of 1

Mr. Speaker: We, the committee on **Taxation** report that **House Bill 561** (first reading copy -- white) **do pass**.

Signed: 
Chase Hibbard, Chair

Committee Vote:
Yes 12, No 8.

491200SC.Hdh




HOUSE STANDING COMMITTEE REPORT

March 2, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that Senate Bill 56 (third reading copy -- blue) be concurred in as amended.

Signed: 
Chase Hibbard, Chair

And, that such amendments read:

Carried by: Rep. Elliott

1. Title, line 5.

Following: the second "ACT"

Insert: "SHORTENING THE EXTENSION OF TIME FOR FILING AN INCOME TAX RETURN FROM 6 MONTHS TO 4 MONTHS; CLARIFYING THE INFORMATION THAT MUST BE CONTAINED IN A WRITTEN APPLICATION FOR EXTENSION;"

2. Title, line 9.

Following: "~~CIRCUMSTANCES~~,"

Insert: "PROVIDING FOR AN ADDITIONAL 2-MONTH EXTENSION UNDER CERTAIN CIRCUMSTANCES;"

3. Page 1, line 26.

Strike: "6-MONTH"

Insert: "4-month"

4. Page 1, line 30 through page 2, line 1.

Following: "FORMS" on page 1, line 30

Strike: " ; AND "

Insert: ". If the application is made in writing, it must include substantially the same information as is required on the department's forms."

Committee Vote:

Yes 20 No 0.

491201SC.Hdh

March 2, 1995

Page 2 of 2

5. Page 2.

Following: line 8

Insert: "(3) Before the expiration date of the automatic 4-month extension, an applicant may request in writing an additional 2-month extension of time for filing a return. The department may, in its discretion, grant the request upon a showing of good cause by the applicant, provided that the applicant has satisfied the requirements of subsection (2) (b) ."

-END-



HOUSE STANDING COMMITTEE REPORT

March 2, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that **House Bill 534** (first reading copy -- white) do pass.

Signed: _____

Chase Hibbard

Chase Hibbard, Chair

Committee Vote:
Yes 18, No 2.

491204SC.Hdh

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/2/95 BILL NO. 524 NUMBER

MOTION: _____

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	✓	4/12
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard	✓	

16

4

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/2 BILL NO. 561 NUMBER 568

MOTION: No Pass

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	✓	

12

8

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/2 BILL NO. 363 NUMBER

MOTION: take from table (Swanson)

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		✓

8

11

3/02/95

EXHIBIT

1

DATE

3/2/95

SB

126

Mr. Chairman

and House members. (Taxation Committee)

The Billings Association of Realtors has been working on obtaining computerized property record cards and tax information for several years from the Department of Revenue. With the passage of House Bill 50 during the Special Legislative session last year the Department of Revenue finally agreed to provide the information via electronic media at a prohibitive cost of \$2,133.00 per tape or more than \$8,500 per year for tapes updated on a Quarterly bases. We have found that Associations in other States enjoy this same cost effective media for much less.

Examples:

Realtors Association in
Greenwich Connecticut
Are charged 25.00 per tape

Realtors Association in
Wilmington Delaware
Are Charge 1,000 per year

Realtor Association in
Baton Rouge, LA
Are charged 1,500 per year for approx. the same # of records.

The Realtors Association understands that there are cost associated in trying to keep up with the constantly changing computer technology, in this information age. We do not have a problem with paying the out of pocket expenses such as man hours, actual tape cost or any direct cost associated with providing this information.

Paragraph 4(a) of Section one allows the Department of Revenue to collect fees for developing and maintaining a system that would need to be developed and maintained regardless if any outside entities desired this information. The real problem with the

wording in paragraph 4(a) is that it gives the Department the ability to charge fees in excess of the actual cost of providing the information without any restrictions or limits on the amount charged.

We believe that allowing access with reasonable charges will reduce the Department of Revenue's expenses by eliminating the cost associated with pulling, copying and refileing the record cards at the County Courthouses when record information is needed by our members to service the public and assist them with the sale and transfer of Real Property.

During the Senate Taxation's review of Senate Bill 126 a member of the Billings Association

of Realtors met with the department to negotiate a reasonable charge for this electronic media. During this meeting an agreement was ^{reached} ~~reach~~ that would be mutually fair and beneficial to both parties. Regretfully at this time we have been unable to confirm this agreement in writing.

Therefore we request that this committee delay executive action on this bill for 10 days while we work to obtain this agreement in writing.



MONTANA ASSOCIATION OF REALTORS®
208 N. Montana, #105 Helena, Montana 59601
406-443-4032 In Montana 800-477-1864 Fax 406-443-4220

LANCE C. CLARK
Public Affairs Director

RE/MAX OF BILLINGS
1250 15TH ST. WEST
BILLINGS, MT 59102
BOB & CARMEN LEACH

252-1309 OFFICE
252-1309 FAX# (auto switching)

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.

EXHIBIT 2
DATE 3/2/95
HB 535

PRESERVATION TAX INCENTIVES FOR HISTORIC BUILDINGS

Information Packet



For more information or to take advantage of Federal tax incentives for the rehabilitation of commercial properties eligible for listing in the National Register of Historic Places, contact **Herb Dawson**, Historical Architect for the State Historic Preservation Office, at **406/444-7718**.

It is advised that owners of historic properties wishing to participate in the Federal Tax Incentive Program contact the State Historic Preservation Office for consultation and guidance prior to beginning a building rehabilitation project.

State Historic Preservation Office
1410 E. 8th Avenue
P.O. Box 201202
Helena, MT 59620-1202

EXHIBIT 3
DATE 3/2/95
HB 535



MONTANA PRESERVATION ALLIANCE

P. O. Box 1872, Bozeman, Montana 59771-1872 (406) 585-9551

President

Jon Axline, Helena

Vice President

Kathy Macelfield, Helena

Secretary

Kathy McKay, Columbia Falls

Treasurer

Jim McDonald, Missoula

Directors

Kathy Doeden, Miles City

Judy McNally, Billings

Jeff Shelden, Lewistown

Marcella Sherfy, Helena

Ellen Sievert, Great Falls

Keith Swenson, Bozeman

Bill Brolin, Anaconda

John Brumley, Havre

Mary McCormick, Butte

February 21, 1995

Representative Chase Hibbard, Chairman
House Taxation Committee

Dear Committee Members:

The Montana Preservation Alliance (MPA) is a statewide non-profit organization that was founded to further historic preservation of our cultural heritage through technical assistance and advocacy.

MPA supports HB 535, "An Act allowing an income tax or corporate license tax credit for the preservation of historic buildings; providing that the amount of the credit is 25 percent of the credit allowed under federal income tax laws; and providing an applicability date." This bill would complement the federal tax credit for historic preservation.

Too often we ^{hear} how expensive it is for property owners to rehabilitate their older historic buildings, especially when they must be brought into conformance with building code requirements. HB 535 provides a good incentive, and would encourage property owners to continue their investment in historic buildings.

Historic preservation also represents jobs for construction workers in the building trades. Based upon this year's applications (since October 1994) for the federal tax credit, property owners will have invested approximately \$7,000,000 into Montana, through materials and labor, when these projects are completed.

For these reasons, MPA asks you to please pass HB 535.

Sincerely,

Gretchen Olheiser
Gretchen Olheiser
1995 MPA Vice-President

Montana Economic Developers Association

305 West Mercury

Butte, MT 59701

406-723-4349

March 2, 1995

Members of the House Taxation Committee
House of Representatives
State Capitol Building
Helena MT 59620

Dear Committee Members:

The Montana Economic Developers Association is an organization that includes over 60 individuals in the state of Montana who have economic development as their primary function.

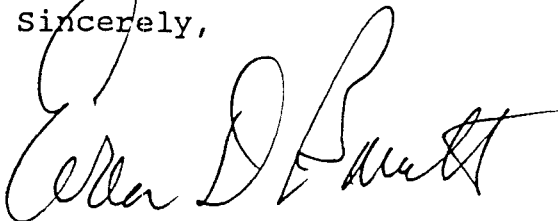
These individuals represent every major community in the state and many smaller communities which are seeking to create economic growth and jobs for their areas.

The Montana Economic Developers Association strongly supports the passage of HB 535. This bill will help in the preservation and development of important historic infrastructure. In many Montana areas, both large and small, historic structures represent economic opportunity in terms of both utilizing existing infrastructure and retaining key items for tourist attraction purposes.

We urge your support of the bill.

Thank you.

Sincerely,



EVAN D. BARRETT
Chairman
MEDA Legislative Committee

EXHIBIT 5
DATE 3/2/95
HB 572

Montana Economic Developers Association

305 West Mercury

Butte, MT 59701

406-723-4349

March 2, 1995

Members of the House Taxation Committee
House of Representatives
State Capitol Building
Helena MT 59620

Dear Committee Members:

The Montana Economic Developers Association is an organization that includes over 60 individuals in the state of Montana who have economic development as their primary function.

These individuals represent every major community in the state and many smaller communities which are seeking to create economic growth and jobs for their areas.

The Montana Economic Developers Association strongly supports the passage of HB 572. It is a housekeeping measure that will help make a common sense change in the 1 mill levy election timing.

We urge your support of the bill.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Evan D. Barrett", with a long horizontal flourish extending to the right.

EVAN D. BARRETT
Chairman
MEDA Legislative Committee

Amendments to House Bill No. 524
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
February 27, 1995

1. Title, line 5.
Following: "COMMUNITY;"
Insert: "PROVIDING A CONTINGENT AMENDMENT TO AUTHORIZE TAXATION
OF LIQUOR SALES FROM AGENCY LIQUOR STORES;"
Strike: "SECTION"
Insert: "SECTIONS"
Following: "7-6-4461"
Insert: "AND 7-6-4463"
2. Title, line 6.
Strike: "AN IMMEDIATE"
Strike: "DATE"
Insert: "DATES"
3. Page 2, line 3.
Strike: "a major"
Insert: "the primary"
4. Page 2, line 7.
Insert: "NEW SECTION. Section 2. Coordination instruction. If
House Bill No. 574 is passed and approved, then 7-6-4463 is
amended to read:
"7-6-4463. Limit on resort tax rate -- goods and services
subject to tax. (1) The rate of the resort tax must be
established by the election petition or resolution provided for
in 7-6-4464, but the rate may not exceed 3%.
(2) (a) The resort tax is a tax on the retail value of all
goods and services sold within the resort community or area by
the following establishments:
(i) hotels, motels, and other lodging or camping
facilities;
(ii) restaurants, fast food stores, and other food service
establishments;
(iii) taverns, bars, night clubs, lounges, agency liquor
stores, and other public establishments that serve sell beer,
wine, liquor, or other alcoholic beverages ~~by the drink~~; and
(iv) destination ski resorts and other destination
recreational facilities.
(b) Establishments that sell luxuries ~~must~~ shall collect a
tax on such luxuries.""
Renumber: subsequent section
5. Page 2, line 8.
Strike: "date"
Insert: "dates"
Strike: "[This act] is"
Insert: "(1) [Section 1] and this section are"

6. Page 2, line 9.

Insert: "(2) [Section 2] is effective July 1, 1995."

Amendments to Senate Bill No. 56
Third Reading Copy

Requested by DOR
For the Committee on Taxation

Prepared by Lee Heiman
February 6, 1995

1. Title, line 5.
Following: the second "ACT"
Insert: "SHORTENING THE EXTENSION OF TIME FOR FILING AN INCOME
TAX RETURN FROM 6 MONTHS TO 4 MONTHS; CLARIFYING THE
INFORMATION THAT MUST BE CONTAINED IN A WRITTEN APPLICATION
FOR EXTENSION;"
2. Title, line 9.
Following: "~~CIRCUMSTANCES~~;"
Insert: "PROVIDING FOR AN ADDITIONAL 2-MONTH EXTENSION UNDER
CERTAIN CIRCUMSTANCES;"
3. Page 1, line 26.
Strike: "6-MONTH"
Insert: "4-month"
4. Page 1, line 30 through page 2, line 1.
Following: "FORMS" on page 1, line 30
Strike: " ; AND "
Insert: ". If the application is made in writing, it must
include substantially the same information as is required on
the department's forms."
5. Page 2.
Following: line 8
Insert: "(3) Before the expiration date of the automatic 4-month
extension, an applicant may request in writing an additional
2-month extension of time for filing a return. The
department may, in its discretion, grant the request upon a
showing of good cause by the applicant, provided that the
applicant has satisfied the requirements of subsection
(2) (b) ."

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Location COMMITTEE BILL NO. SB 126
DATE 3/2/95 SPONSOR(S) Sen. Beck

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Lance Clark	MT Assoc. REALTORS	SB 126		X
Mary Whittinghill	DOR	SB 126		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 534
 DATE 3/2/95 SPONSOR(S) Rep. Harrington

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT

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 535
 DATE 3/2/95 SPONSOR(S) Harrington

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Manella Shuf	MT Historical Society			✓
Brian Cockhill	MHS			✓
Shelton Olheiser	Mt. Preservation Alliance			✓
Jim Driscoll	MCA			✓
Tom McNab	Montana Technical Council			✓

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

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Lawson COMMITTEE BILL NO. HB 572
 DATE 3/2/95 SPONSOR(S) Rep. Harrington

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT

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