

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN CHASE HIBBARD, on March 3, 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 197
SB 235
SB 305

Executive Action: SB 235 - Be Concurred In
SB 305 - Tabled
HB 383 - Tabled
HB 413 - Tabled

{Tape: 1; Side: A.}

HEARING ON SB 305

Opening Statement by Sponsor:

SEN. KEN MESAROS, Senate District 25, Cascade, said SB 305 would reduce the redemption periods for property tax acquired at a tax sale. The 36-month redemption period would be reduced to 18 months and the 24-month redemption period for property on which there is no habitable dwelling or commercial structure would be reduced to 18 months. **SEN. MESAROS** said the matter had been brought to his attention by the Cascade County treasurer who said that sometimes it is five or six years before some property acquired at a tax sale is put back on the tax rolls.

Proponents' Testimony:

Lance Parks, Montana Association of Realtors, rose in support of SB 305 because delinquent property should be put back on the tax rolls as soon as possible.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. WELLS asked for an explanation of the "automatic review" that extends the time to five or six years. **SEN. MESAROS** said that on the termination of the 36-month period, there is a six-month review period and other legal considerations. **REP. WELLS** asked if it would still take two or three years if the time period were reduced to 18 months. **SEN. MESAROS** said it would.

REP. SOMERVILLE read a comment from the Flathead County Treasurer stating "I can think of no legislation submitted that has the impact this bill does AGAINST the taxpayer." **EXHIBIT 1**. He asked the sponsor to comment. **SEN. MESAROS** said the bill provides a reasonable amount of time to pay taxes. He said those who do not pay their taxes place a burden on the county and it is a hardship on the local economy to have it sitting idle.

REP. WELLS asked Mr. Parks if there was another reason for the realtors to support this bill, other than that they think taxes should be paid. **Mr. Parks** said that if there was he was unaware of it.

Closing by Sponsor:

SEN. MESAROS asked for the Committee's favorable consideration of SB 305 because 18 months was an adequate amount of time for a property-owner to redeem the property through the payment of taxes.

HEARING ON SB 235Opening Statement by Sponsor:

SEN. KEN MILLER, Senate District 1, Laurel, said he had been asked by the Montana Association of Manufactured Housing to bring this bill before the Committee. The bill would clarify present language in the statutes regarding the treatment mobile homes for inventory purposes and reflect the Department of Revenue's (DOR) current practice.

Proponents' Testimony:

Stuart Doggett, Montana Manufactured Housing and RV Dealers Association, said that during a meeting with the Department of Revenue and the Department of Transportation, the confusing language in the current statutes had been brought to his attention. SB 235 would eliminate the confusion.

Mary Whittinghill, Property Assessment Division, DOR, said the Department supports SB 235 because they would like to see the clarification in the statutes to reflect the current practice of the DOR.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

None.

Closing by Sponsor:

SEN. MILLER said he would appreciate the Committee's positive consideration of SB 235.

HEARING ON SB 197Opening Statement by Sponsor:

SEN. DEL GAGE, Senate District 43, Cut Bank, said SB 197 proposes to revise the computation of the state land equalization payment to fully reimburse counties for lost taxes (PILT) because of state lands within the counties. It would include all state lands with the exception of highway right-of-ways and property that state facilities are located on except for the Montana state prison ranch and units of the university system. SEN. GAGE the federal government has recently raised its PILT payments to local governments and it is time the state accepted its responsibility as a landowner and pays its share of costs to local governments. Currently, if a county has less than 6% state lands, it does not receive anything. If there is more than 6%, there is some

reimbursement. SB 197 provides that PILT will paid an all state land within a county. For the past few years \$265,000 has been appropriated for payment to counties. The bill would require \$3.5 million for the state to pay its full share. About one-third of this amount would come back to the state in the form of school equalization payments through mandatory mills. **SEN. GAGE** said he would be proposing amendments to the bill. He said the state of Montana has an obligation to reimburse the counties and the policy decision should appear in the statutes.

{Tape: 1; Side: B.}

Proponents' Testimony:

Lloyd Woolery, Hill County Commissioner, spoke in support of the bill. He said Hill County has 155,000 acres of state land for which the county receives 14.5 cents per acre. This is a small amount compared to what the average taxpayer pays on his land. In 1994 the county received \$22,000 of the \$45,000 it should have received because of the discount. He said it was time for the state to recognize its obligation and pay its share.

Dennis Freelan, Toole County Commissioner, said that Toole County has 100,028 acres of state land and received \$9,029 from the state and \$4,176 from Fish, Wildlife and Parks. There are 4,962 acres of CRP from which the state received \$58,781. He also itemized the fees and royalty the county must pay to the state for gravel obtained from state land. He asked the Committee to consider those figures in its action on SB 197.

Opponents' Testimony:

Gordon Morris, Executive Director, Montana Association of Counties (MACO), submitted testimony in opposition to the bill from Richland County and in support of the bill from Blaine County. EXHIBIT 2. **Mr. Morris** said he was opposed to the bill but he would support the concept in the bill. He distributed handouts including a page from the Governor's executive budget and a list of counties receiving state PILT. EXHIBIT 3. He said MACO has been working on behalf of the 18 or 20 counties having state lands for ten years to try to increase the \$265,000 appropriation. This appropriation is contained in HB 2 now under consideration in the Appropriations Committee. The counties are getting only 48% of what they should receive based on the formula in the law today. **Mr. Morris** said it was important to note that the bill removes the 6% threshold so that all 56 counties will be receiving a portion of the \$265,000 appropriation. The program is not being fully funded based on the 20 counties that are eligible and the amount they receive would be greatly reduced if all counties were to share in the appropriation as proposed in the bill. **Mr. Morris** said that passing this bill would do irreparable damage to the 20 counties now receiving equalization payments because it would reduce the amount they now receive from 48% to 10%. He suggested that the Legislature should do what it

should have done from the time the act was originally enacted which is to appropriate the amount required by the formula in the statutes and pay what is required under the law. He asked the Committee to either kill the bill or send it to Appropriations to see if enough money could be found to pay all 56 counties what they are, by law, entitled to. He said he could not support the bill at the expense of the 20 counties that can least afford to lose the money.

REP. SAM KITZENBERG, House District 96, Glasgow, testified in opposition to SB 197 as written. He said Sen. Gage's intentions were good and he appreciated his comments. However, the bill would devastate small counties such as Daniels. **REP. KITZENBERG** said he had introduced HB 124 which is now in Appropriations. That bill contains a statutory appropriation of \$2 million to fund the state's obligation to counties having large amounts of state land. The Natural Resources Subcommittee has approved the executive budget request for \$265,000 but did not increase the amount to reflect the amount required by the statutory formula. **EXHIBIT 4.** Considering the amount of the appropriation, passage of SB 197 to eliminate the 6% threshold would be devastating to the counties presently receiving equalization payments.

Ed Carney, Scobey, rose in opposition of SB 197. A copy of his testimony together with supporting data is attached. **EXHIBIT 5.**

{Tape: 2; Side: A.}

John C. Brenden, Scobey, testified in opposition to SB 197 in its present form. His written testimony and supporting documentation is attached. **EXHIBIT 6.**

Luverne Nieskens, Daniels County Commissioner, said the passage of SB 197 would cause great financial hardship on Daniels County and the Peerless School District. Mr. Nieskens written testimony is attached. **EXHIBIT 7.** He also presented written testimony from Valley County and the Peerless School District, in opposition to SB 197. **EXHIBIT 8.**

AnnaBelle Fouhy, Peerless, testified regarding her concern about how SB 197 would impact schools. Her written testimony is attached as **EXHIBIT 9.** She also distributed testimony on behalf of the Scobey Public Schools. **EXHIBIT 10.**

Charles Danreuther, Choteau County Commissioner, said Choteau County would lose approximately \$19,000 under SB 197. He encouraged the Committee to oppose the bill.

Questions From Committee Members and Responses:

REP. ROSE asked what the possibility would be of the state funding its obligation. **SEN GAGE** said it would depend on how much pressure is placed on the Appropriations Committee. **REP. ROSE** asked if the bill would be as devastating to counties as the

opponents have indicated. **SEN. GAGE** said the bill could be amended to make it easier on those counties. He said he would hate to see the bill killed because that would not solve the problem.

{Tape: 2; Side: B.}

REP. ROSE asked if the impacted counties had seen the amendments. Without objection, **Mr. Brenden** said they had talked with Sen. Gage in general terms about the amendments if the appropriation is left at \$265,000. The amendment would address the problem. **Mr. Brenden** said the counties support the concept of the bill and if they could be assured that the amendment would be placed on the bill, they would support it. However, he said he did not think the Legislature would face up to its responsibility of full funding.

REP. REAM asked if the counties had ever brought suit against the state to obtain full funding. **Mr. Morris** said a suit had never been contemplated because he didn't know how they could go about it. The statute has been followed but the appropriation has never been up to the level required by current law.

REP. REAM asked if Fish, Wildlife and Parks land was included in figuring the 6% exemption. **Mr. Morris** said the test would be whether the land generates grazing, agriculture or forest revenue. If it generates income it would be included in the calculation under the current law. That provision would be eliminated under SB 197 so all state land, whether or not it generated income, would be included in the computation. **Mr. Morris** clarified that the bill is talking about the general fund appropriation. Fish, Wildlife and Parks does pay its taxes under a different program.

REP. BOHLINGER said that Mr. Carney's testimony had explained the 6% threshold. He asked what remedies are available to the counties that are receiving only about a half of what is due. He said it was grossly unfair. **Mr. Morris** said a lawsuit had never been considered and he would not recommend that action. He said the way to address the problem would be in the Appropriations Committee because the state should pay what is fair and reasonable. MACO would do anything it could to accomplish that.

REP. BOHLINGER asked what sort of success might be expected from the Appropriations Committee. **Mr. Morris** said that, speaking from experience going back to 1985, they have not been able to affect an appropriations increase. He said he could see more legislative support for this issue during this session which is a major turn-around. He said the State of Montana should be held to the same standards as any other taxpayer.

CHAIRMAN HIBBARD asked for clarification of Rep. Bohlinger's statement that it would cost an additional \$250,000 to fully fund the program. He asked if \$560,000 would be enough if all the

counties were not included. **SEN. GAGE** said \$560,000 would fully fund the program as it currently exists. If the 6% exemption was removed from the calculation it would cost approximately \$300,000 more.

CHAIRMAN HIBBARD asked if HB 124, which is on the table in Appropriations, would fully fund current law or contemplate changes similar to SB 197. **REP. KITZENBERG** replied that it would fully fund the current law and recoup the money the state owes the 20 counties. He said the reaction of the Appropriations Committee was not favorable. He said he had also gone to the Sub-Committee in an effort to get the \$560,000 funding and was unsuccessful.

Closing by Sponsor:

SEN. GAGE said one of the legislative problems that must be addressed is believing that whatever the Appropriations Committee decides is the answer. He said "that's hogwash." The Appropriations Committee can only look at budgets and make suggestions. Every property owner in Montana should support this bill because it would put more money at the county level so that, theoretically, the counties could reduce millage. There is not much likelihood of 20 counties coming in with a lawsuit; however, if all 56 counties were involved, there would be a much better chance of a lawsuit. The amount of PILT money paid to the counties is minimal compared to what the state receives from CPR payments. He said taxpayers do not have the opportunity to pay half of their taxes on land used only for grazing, agricultural or forestry and the state should not have that opportunity either. The statutes say that taxes must be paid on all land. He encouraged the Committee to give serious consideration to the bill.

{Tape: 3; Side: A.}

EXECUTIVE ACTION ON SB 305

Motion:

REP. REAM MOVED THAT SB 305 BE CONCURRED IN.

Discussion:

REP. WELLS said he could not see any good reason for passing this bill except to get people to pay their taxes. He said people experiencing hardships should have some time. The bill would allow realtors to acquire property and he did not believe them when they said the only reason they support the bill is to get people to pay their taxes.

REP. ELLIOTT said a house is not a luxury and in difficult economic times people might forego paying taxes because food is

more important. It is more expensive for them because they have to pay a penalty and interest but many do pay. The Legislature should not make it easier for people to acquire a tax lien on that property.

REP. REAM asked if the DOR had any comments on the bill. Without objection, **Judy Paynter, DOR**, said they are not following the bill because it was not within the area of their responsibility.

REP. SOMERVILLE referred to a letter he had received from the Flathead County Treasurer opposing SB 305 because it takes away the county's ability to provide compassion and assistance to those in dire straights. If a person is sick, widowed or loses a job, the county can work with the taxpayer so that he does not lose his home. If the bill is passed, the "tax vultures" will be able to make a profit from other people's problems. He said he could not support the bill.

REP. ELLIOTT asked permission to ask Sen. Bartlett, a former county clerk and recorder, a question. Without objection, REP. ELLIOTT asked why the 18-month timeline was not workable. SEN. BARTLETT explained that when she was a clerk and recorder the Legislature did approve an 18-month redemption period for certain property that had no structures on it. In working with that the clerks and treasurers found that it was a non-workable time period, administratively, because it splits the property tax cycle in half for the second year. REP. ELLIOTT then asked if there was any good reason for shortening the time period. SEN. BARTLETT said it would depend on the particular orientation. In a time when interest rates were high enough that people made money by letting their taxes go delinquent and, instead of paying their taxes, they invested the money and paid the taxes just short of the 36-month period, a 24-month period might make sense.

Substitute Motion/Vote:

REP. ARNOTT MOVED TO TABLE SB 305. On a voice vote, the motion passed 17 - 3.

EXECUTIVE ACTION ON SB 235

Motion:

REP. HARPER MOVED THAT SB 235 BE CONCURRED IN.

Discussion:

None.

Vote:

On a voice vote, the motion passed 19 - 1.

EXECUTIVE ACTION ON HB 383

Motion:

REP. WENNEMAR MOVED THAT HB 383 DO PASS.

Discussion:

REP. ROSE said there were other bills dealing with the same issue and he was not comfortable with this bill.

REP. BOHLINGER said he and Rep. Swanson were collaborating on a bill that would provide property tax relief for elderly and low income people. He said he was supportive of whatever concept the Committee might bring forward that would assist those people. The bill to be proposed would have a cost of \$3 million as opposed to the \$10 million pricetag on HB 383.

REP. WELLS said the aspect he did not like in the bill was the reduction of federal deductibility of income tax. The tax shifting technique would not be in the best interests of protecting the tax base.

REP. ELLIOTT pointed out that he had considered eliminating taxes on the first \$20,000 of market value but that would eliminate property taxes on almost every trailerhouse in the state. It is important that people contribute something to the tax base. He said there were concepts in the bill that he would support.

REP. WENNEMAR said he owned a trailer and did not mind paying \$69 a year in taxes on it.

REP. REAM commented that the beauty of the bill is the opposite of Rep. Wells opinion. It is a tax shift of \$57 million away from property taxpayers and for that reason he would support the bill.

Substitute Motion/Vote:

REP. ELLIOTT MOVED TO TABLE SB 383. On a voice vote, the motion passed 18 - 2.

EXECUTIVE ACTION ON HB 413

Information relative to HB 413, requested by the Committee at the time of the hearing on the bill, was distributed. EXHIBIT 11.

Motion:

REP. ORR MOVED HB 413 DO PASS.

Discussion:

REP. ORR said there were two amendments to the bill. EXHIBIT 12.

Motion:

REP. ELLIOTT MOVED TO SEGREGATE THE AMENDMENTS. The motion passed unanimously.

Motion:

REP. ORR MOVED TO ADOPT THE FIRST AMENDMENT.

Discussion:

REP. ELLIOTT explained that the state is not affected by this legislation so the amendment would delete that reference.

Mr. Heiman said the language refers to the prepayment of real property tax and local governments, not the state, are involved.

Vote:

On a voice vote, the motion passed unanimously.

Motion:

REP. ORR MOVED THE SECOND AMENDMENT BE ADOPTED.

Discussion:

REP. ORR said the purpose of the amendment was to exempt the mines that have had impact plans approved and are in the process of implementation.

REP. ELLIOTT asked how the amendment would affect impact plans that are in the planning stage. Without objection, Jim Richard, Consultant for Stillwater Mining Company, said he was preparing an impact plan for the Stillwater Mining Company and the amendment would not affect that proposed plan because the plan has not been approved.

REP. STORY spoke against the amendment. He said the plans that are implemented would be protected but there are just as many plans in the process of preparation that would be thrown into turmoil. He said he was prepared to offer an amendment that would exempt any plan presently in process.

REP. SWANSON asked what the impact would be on plans already implemented if the amendment is not passed. REP. ORR said he did not think there would be an impact on plans in place.

{Tape: 3; Side: B.}

REP. ELLIOTT spoke against the amendment. He said he represents a district in which are located the proposed Asarco Rock Creek Mine, the Troy Mine which recently closed, and the Noranda Montanore Mine whose plan has been approved but not implemented. He said he had been involved with one impact plan and witnessed two and the legislation would not be fair to the municipalities affected by the Act. He compared HB 413 with the recently passed Whitefish bill and said this bill would do exactly the opposite of what the Whitefish bill was intended to do. A city near a mine will experience the same economic pressures as a resort community. Therefore, the bill would place an unasked for burden on the municipality. He also clarified that the mine would be subject to the county mill levy and as much as, but no more than, 20% of the taxable value of the mine may be subject, by mutual agreement between the mining company and the affected municipality, to the municipal mill levy. He reminded the Committee that the Act, as well as the amendments, have all been worked out by mutual consent of the mining industry and the local governments. Not all mines impact cities but, when they do, the option should be available for all taxing jurisdictions, including towns and schools, to sit down at a bargaining table and work out a mutual agreement. The bill would preclude municipalities from doing that in the future.

REP. REAM disagreed with Rep. Elliott. He said he thought the cities would still have that option. He asked for an explanation of the words "plans that have been implemented" which appear in the amendment. **Ms. Ferguson, Administrative Officer, Hard-Rock Mining Impact Board**, said that if the intent of the amendment is to exclude the impact plans that have been approved, have been implemented, or are in the process of being implemented from the effect of the bill, the language should probably say "does not apply to approved impact plans that have been or are in the process of being implemented." The one approved plan that would not be covered would be the Montanore plan in Lincoln County. She explained that there is tax base sharing in that plan of \$1.3 million in taxable valuation what is allocated to the City of Libby. That taxable valuation would be lost to Lincoln County as would approximately \$800,000 for secondary impacts. The Montanore Mine would be subject to HB 413. The mining company and the local government units would have to amend the plan in some fashion.

REP. REAM asked for clarification of the Tax Base Sharing Act. **Ms. Ferguson** advised that the Act was passed in 1983 following an interim study done by the Environmental Quality Council which resulted in three consensus bills, one of which was the Tax Base Sharing Act which was supported by the counties and by the mining companies. The Act states that where there is county valuation, a piece of the valuation could be allocated to a municipality. For instance, if 13% of the mine employees live in the town, the town could receive 13% of the taxable valuation of the mineral

development as part of its tax base, provided the plan identifies increased costs. The same people who live in the town also use county services and add to the costs for the county; therefore, the agreement was that the piece of taxable valuation allocated to the town would be treated the same as any other municipal property which is taxed by the town and by the county.

REP. ORR said he would, without objection, like to ask a member of the mining industry why the amendment would be good. **Dick Dodge, Consultant for the Noranda Montanore, Crown Butte, Seven-Up Pete, and Asarco Rock Creek Mines**, said the bill addresses the current law which treats the mine as if it were in town. If the city enters into tax base sharing with the county, the taxable valuation is added on up to 20%. In the Montanore situation, Libby and Lincoln County did enter into tax base sharing at a rate of 15%. The amendment says the provisions of the Act would not apply to approved impact plans that have been implemented through the payment of tax pre-payments. Noranda has not made any pre-payments because the mine is not operative.

REP. MURDOCK spoke for the amendment because it would only affect plans in the future and would put some fairness in the legislation.

REP. HARPER asked what affect the amendment would have on the plans already on-going because the responsibilities would be governed by a new act. **Mr. Dodge** it would not affect the Stillwater plan but would affect the Montanore plan in that they would have to do the impact plan over to account for the switch in taxable valuation. One option would be to strike the portion of the amendment referring to pre-payment.

REP. HARPER said the Act that was passed in 1981 was a cooperative effort between legislators, local government officials and the mining industry to provide protection from impacts over which they had no control for the citizens of local governments. The amendment, and the bill itself, says the protection, flexibility and opportunities to work together has been there but now there will be a new level of rigidity that does not allow that approach. He said he was proud to have been a part in the enactment of the legislation and any changes should be thought through very carefully. This level of protection is very important to the people who live in areas with mines. If the amendment is passed, one segment of an industry will be operating under one set of requirements and another segment under a different set of requirements. He said he would oppose both the amendment and the bill.

REP. RANEY said the amendment is just a "grandfathering" clause and from this date forward the bill would apply. The plans in the process of being implemented "would be history."

REP. STORY said there are several hard-rock mines in Montana in different stages. He provided a status report on the twelve

proposed or operating large-scale mines in Montana and how the bill would affect each one.

{Tape: 4; Side: A.}

REP. HANSON said she understood that when the Act was enacted one company came in and negotiated and hard-rock mining has taken quite a beating since then.

REP. HARPER said they worked with everyone willing to work with them and many mining companies were involved. The process was very detailed and highly negotiated.

REP. ELLIOTT, in response to Rep. Hanson's comment, referred to Minutes of the hearing held April 6, 1981, on House Bill 718. He said proponents were Speaker of the House Rep. Bob Marks, Rep. Orville Ellison, ASARCO, Ward Shanahan representing Stillwater PGM, Landusky-Zortman Mining Companies, Bill Sternhagen representing the Northwest Mining Association, Curtis Carter representing Anaconda Copper, and Mr. Travis representing the Treasure State Mining. He said this would indicate that the mining industry was well represented. None of the opponents were representatives of the mining industry.

REP. RANEY advised that when the Act was amended in 1985, the same people appeared as proponents. He said the room was filled with environmentalists, local government officials and mining industry representatives, all agreeing that the Act was something that everyone could work with.

REP. ORR said that consensus depends on a lot of things and pressure is sometimes placed to bring about a consensus so that argument wouldn't apply. He said the political climate has changed and is no longer looking at mining companies as the "cash cows" to finance cities and counties.

REP. REAM asked if Rep. Orr was comfortable with the language as drafted in the amendment. REP. ORR said he was.

Vote:

On a roll call vote, the motion failed 10 - 9.

Motion:

REP. ORR MOVED THAT HB 413 AS AMENDED DO PASS.

Discussion:

REP. HARPER said he was bothered by the discussion that had taken place during the last few minutes. He said he had been proud to be a member of the Committee because it had broken up without regard to voting on a party line and consensus is one of the most valuable parts of the legislative process. The Legislature is

elected from all over the state and the best laws that are passed are consensus-type decisions. He said he would be extremely concerned if he thought consensus didn't apply and was not welcome in the Committee because there had been a shifting of political whims. **REP. HARPER** said he had been a member of the House for over twenty years and had seen the shifts of power from one side to the other. It is the job of legislators as representatives of the people all over the state to make sure that the policies established are fair and apply equally to all. That is why he thought making the change suggested by the bill is critical to many communities. For example, he stated that Lincoln would be totally unable to handle the impacts of the Seven-Up Pete Mine if this bill were to pass. He said the "cash cow" that would be milked would be the citizens presently living in Lincoln, or other areas where there are mineral developments. He said he would be willing to consider "fine-tuning" the Act but this bill changes the basic agreement that was reached in 1981 and reaffirmed in 1985. He said he would oppose the bill and he objected to being told that "political whims are changing."

REP. STORY said he would oppose the bill, not because there weren't some things that should be addressed, but he thought it was necessary to look at the process. He said the Act gave local governments affected by mining developments the ability to negotiate the costs of the impacts with the company creating the impacts. He reminded the Committee that the purpose of the impact plan was to get the up-front money to develop the infrastructure in preparation for the impact. When revenues from the mine and the secondary impacts came in, the money would be returned to the mining companies. The Act provides options for the mining companies. He said one of the most important things the impact plan does is make the mining company appear to be a "good neighbor" when they come into a community and it allows them the opportunity to negotiate. HB 413 removes the ability to negotiate and leaves the mining companies with the option of providing grants or developing their own systems.

REP. ELLIOTT said he was opposed to the bill. He pointed out that the people he represents want the Rock Creek Mine in Sanders County and the Montanore Mine in Lincoln County but they do not want to have to bear the costs of the economic development before the mine comes and after it leaves. He said the Asarco Troy mine came in before the impact act was implemented and the people in the area thought their unemployment rate would go down and everyone would have a job. What happened was that the unemployment rate went up because so many job-seekers came into the area hoping to get a job at the mine. This impacted schools, social services, law enforcement and the impacts had to be addressed by the local taxpayers. He explained that under the impact act, the developer works the plan out with the local governments and submits it. After the plan is adopted, there is a 90-day review period and a public hearing and an affected local government can request a 30-day extension. There is then a 30-day negotiation period where the developer and the local

governments can work out any problems. After the negotiation period, if there is no resolution of problems, the matter goes to the Hard-Rock Mining Impact Board for adjudication. If one party still does not agree, there is judicial review. There is plenty of opportunity for negotiation. He said one of the most serious things in the HB 413 is the elimination of secondary impacts. People do move in looking for jobs -- and they stay whether they are employed by the mine or not. **REP. ELLIOTT** then quoted from testimony given by Rep. Orville Ellison before the Administrative Code Committee which was hearing testimony on the issue of secondary impacts. In his testimony, Rep. Ellison said, "I am very upset that members of the mining industry are attempting to end run one of the most critical elements of the Hard-Rock Mining Impact Act. I am referring to the issue of secondary impacts. After all, when planning for an impact on local government operations and capital facilities, impact is impact, whether primary, secondary, or whatever. The notion that secondary impact should not be addressed in an impact plan is ridiculous. I carefully included language in the bill specifying that all impacts be addressed. What good would it have been to set up impact legislation which only required mineral developers and local governments to recognize part of the impact. . ." **REP. ELLIOTT** said the language in the bill restricting the impacts is in direct contradiction with the spirit of the Act and succeeding amendments to the Act.

REP. REAM commented that he did not accept the notion that the mines are being taxed at 120%. They are no different from residents of any city who are also residents of a county. **REP. REAM** said, in reference to tax pre-payments, that one way or another, the company must pay for the impacts and if the pre-payment and tax credit option is removed, the local governments could demand grants. He said he was opposed to the bill.

REP. ORR said so many issues had been brought in, the issue was becoming cloudy. He said he was not in the Legislature to represent industry as had been implicated. He said the bill is a tax fairness issue. What has happened in Montana, because of the political climate, was that industries such as mining have been looked at as the "cash cow" and they have been treated unfairly. When a mine comes into an area, everyone benefits because it creates jobs and, because of that, there are new schools and new roads. The secondary impacts are something that cannot be nailed down. The mining industry has no problem in paying for primary impacts. **REP. ORR** spoke of his own district where two mines have closed. He said that if the industry had not had "all these things heaped on them," they might still be in business. The counties must then deal with the impacts of the businesses not being there.

REP. SWANSON said that as a matter of fairness, she would support the bill.

{Tape: 4; Side: B.}

Vote:

On a voice vote, the do pass as amended motion on HB 413 failed,
11 - 9.

Motion/Vote:

REP. ELLIOTT MOVED TO TABLE HB 413. The motion passed
unanimously.

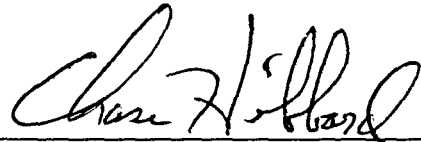
HOUSE TAXATION COMMITTEE

March 3, 1995

Page 17 of 17

ADJOURNMENT

Adjournment: 11:50 a.m.



CHASE HIBBARD, Chairman



DONNA GRACE, Secretary

CH/dg

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL

DATE March 3, 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 3, 1995

Page 1 of 1

Mr. Speaker: We, the committee on **Taxation** report that **Senate Bill 235** (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. Bohlinger

Committee Vote:
Yes 19, No 1.

501340SC.Hbk

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/3/95 BILL NO. 413 NUMBER

MOTION: do pass as amended

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	✓	

9

11

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/3/95 BILL NO. 413 ~~335~~ NUMBER

MOTION: Amendment # 2
do Pass (over)

NAME	YES	NO
Vice Chairman Marian Hanson	✓	
Vice Hairman Bob Ream		✓
Rep. Peggy Arnott		abstain
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	✓	

9

10

Chen ZHao

SB 325 yes

SB 235 yes

HB 383 NO

X HB 413 yes - probably

Richards Committee Bill NO

With Marion Hanson on
any and all other matters, amendments,
etc.

Chen ZHao

3/3/95

~~SB 1301A~~

Proxy for Daniel Fuchs
House Taxation

X HB 413 No

HB 383 yes

SB 305 yes

SB 235 No

SB 197 No

Daniel Fuchs

3-3, 1995 Proxy for Rick Jore

HB 413 yes

HB 383 ~~yes~~ Bob story's call. (or Chase Hibbard)

SB 305 - No

SB 197 - yes

SB 235 - yes

Rick Jore

EXHIBIT 1
DATE 3/3/95
SB 305

Flathead County Treasurer

IDELLA SMITHERS
County Treasurer800 South Main
Kalispell, MT 59901Tax Dept. (406) 758-5680
Motor Vehicle (406) 758-5690

February 27, 1995

Roger Somerville
House Taxation Committee
House District 78
Montana LegislatureRE: SB 305 - Reducing Redemption Periods for Property Acquired at
Tax Sale to 18 Months

Dear Roger:

I can think of no legislation submitted that has the impact this bill does AGAINST the taxpayer. Under the current laws, the taxpayer has 36 months to redeem his property, (catch up back years taxes when the property goes delinquent.) This bill would cut the redemption period down to 18 months.

The only parties gaining from this bill will be the "tax vultures". Those people who make their living by purchasing assignments of tax sale certificates and then securing the property through the tax deed process. The counties do not eagerly rush to take the property for delinquent taxes on the first day they are eligible, but the "tax vultures" sure do! There is not a major delinquency problem in any county now that the Counties are required to routinely take the properties following the 36 month period.

To reduce that time-frame to 18 months does not take into consideration occasional hardships of taxpayers due to work layoffs or sickness, and it especially aids the tax vultures who prey on, or select, those properties where one of the spouses has died and the other spouse has moved to be near their children, either out of the county or out of the state, leaving the settlement of the estate to a lawyer who hasn't gotten around to changing the mailing address of the tax notices.

There are a couple of County Treasurers supporting this bill, but the majority of us are against it, and for whatever reason, we were not even aware it was proposed until it had sailed through the Senate and was sent to your House Taxation Committee.

There certainly needs to be a process available when taxpayers choose not to pay their taxes, but reasonable compassion should be a part of any law, and the current 36 month redemption period is adequate.

I urge you to consider a no vote on this bill and kill it in Committee.

Sincerely,

Idella Smithers
FLATHEAD COUNTY TREASURER

Post-It™ brand fax transmittal memo 7671		# of pages > 1
To Roger Somerville	From Idella Smithers	
Co. House Dist 78	Co. Flathead County	
Dept. Taxation Committee	Phone # 758-5684	
Fax # 900-325-1600	Fax # 758-5869	

EXHIBIT 2DATE 3/3/95SB 197

COUNTY OF RICHLAND

Office Of

COUNTY COMMISSIONERS

201 West Main - Sidney, Montana 59270
406-482-1706 FAX 406-482-3731

WARREN E. JOHNSON, CHAIRMAN
DWIGHT E. THIESSEN, VICE-CHAIRMAN
BING C. POFF, MEMBER
February 28, 1995

ELMINA COOK, CLERK

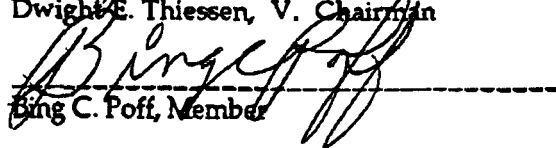
GORDON MORRIS
MACO
2711 Airport Road
Helena, Montana 59601
FAX (406) 442-5238

Dear Gordon:

Richland County would like to go on record in opposition to S.B. #197 concerning State Lands. This bill is not fully funded and we cannot support it since it would be detrimental to all counties now receiving reimbursements from the State. We do not anticipate this bill ever being fully funded so we feel it would be best if it is killed.

Thank you for your attention to this matter.

Sincerely,


Warren E. Johnson, Chairman
Dwight E. Thiessen, V. Chairman
Bing C. Poff, Member

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 HARSHMAN
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

DATE: March 2, 1995

TO: Chairman Hibbard and Members of the House Taxation Committee

Blaine County would like to request the passage of SB 197. We believe the counties should be fully reimbursed for lost taxes because of the State Lands within the counties. Once again, we urge you to vote in favor of SB 197.

Thank you.

Keith L. Benson
Keith L. Benson, Chairman

Curtis C. Moxley
Curtis C. Moxley, Blaine County Commissioner

Arthur Kleinjan
Arthur Kleinjan, Blaine County Commissioner

5501-01 CENTRAL MANAGEMENT PROGRAM

	FY94 Base	Fiscal Year 1996			Fiscal Year 1997		
		Base Adjust	New Proposals	TOTAL	Base Adjust	New Proposals	TOTAL
Full Time Equivalent Employees	30.26	-1.46	.00	28.80	-1.46	.00	28.80
Personal Services	1,059,164	5,690	-28,330	1,036,524	10,443	-28,587	1,041,020
Operating Expenses	481,916	120,537	168,000	770,453	85,619	45,500	613,035
Equipment	6,410	-6,410	0	0	-6,410	0	0
Grants	265,000	0	0	265,000	0	0	265,000
Transfers	123,323	188,677	168,000	480,000	188,677	45,500	357,500
Total Agency Costs	1,935,813	\$308,494	\$307,670	\$2,551,977	\$278,329	\$62,413	\$2,276,555
General Fund	1,332,291	78,594	168,000	1,578,885	38,849	45,500	1,416,640
State Special Revenue Fund	123,788	23,651	0	147,439	23,413	0	147,401
Federal Special Revenue Fund	120,543	-543	0	120,000	-543	0	120,000
Proprietary Fund	359,191	206,792	139,670	705,653	216,610	16,913	592,714
Total Funding Costs	1,935,813	\$308,494	\$307,670	\$2,551,977	\$278,329	\$62,413	\$2,276,555

Present Law Mandates

The division work is mandated in Title 2, Chapter 15, and Title 77, Chapter 1, MCA.

Present Law Base

Personal Services - Base adjustments are due to the annualization of FTE reductions from the November 1993 Special Session, annualization of the FY95 pay plan, adjustments for longevity and employee benefits, 4.00 FTE upgrades, and 1.00 position downgraded.

Operating Expenses - In compliance with language in HB2 from the 1993 Legislative Session, costs associated with the helicopter development project are being budgeted at the FY95 level plus inflation. An adjustment of \$58,560 in each fiscal year has been made. Other operating expense increases are also in the aviation operation and are impacted by the development project. The FY94 base for gasoline was 75% below the ten-year average, due to abnormal weather, so a \$77,751 adjustment is being requested. Additional authority also is requested for routine maintenance of agency aircraft.

Grants - Continue at the \$265,000 level for the state land equalization payments to counties, pursuant to 77-1-501, MCA.

Transfers - The transfer amount equals the amount of general fund supporting the aviation operation and allows for the transfer of the funds to the proprietary account for expenditure in accordance with generally accepted accounting principles (GAAP).

New Proposals

Personal Services Reduction - This program will experience a reduction of \$28,330 in FY96 and \$28,587 in FY97 in personal services, with no reduction in FTE, to provide adequate funding for the proposed pay plan.

Aircraft Maintenance - General fund is requested to support \$168,000 of major aircraft maintenance in FY96 and \$45,500 in FY97. It is difficult to forecast scheduled maintenance due to unforeseen use and the number of hours each aircraft will log in a given year. The agency anticipates this amount will provide the needed authority in the 1997 biennium. Transfer authority is included in the proposal in order to move the general fund to the proprietary account for expenditure.

HOUSE BILL 282 - STATE EQUALIZATION PAYMENTS

February

1 OVER 61	COUNTY	\$.29 P/A GRAZING	\$1.94 P/A AGRI.	\$.51 P/A FOREST	TOTAL	18 COUNTY* AVERAGE	PAYMENT	1990 REQUESTED	1990 PD	1989 REQUESTED	1989 PD	1988 REQUESTED	1988 PD
3.50	BEAVERHEAD	34,500	2,666	720	37,886	38,456	20,633	38,482	26,171	37,215	26,768	33,701	25,053
0.62	BLAINE	4,496	3,070	0	7,566	7,563	4,120	7,151	4,863	5,020	3,611	3,702	2,752
0.73	CARTER	4,393	1,490	0	5,883	5,936	3,204	3,896	2,650	3,242	2,332	3,312	2,462
4.61	CHOUTEAU	22,599	69,175	0	91,774	88,987	49,980	118,560	80,628	108,557	78,084	109,069	81,080
17.9	DANIELS	24,186	179,839	0	204,045	193,608	111,123	105,080	71,461	115,119	82,804	116,895	86,897
0.45	FALLON	1,162	1,440	0	2,602	2,568	1,418	1,072	729	1,187	854	775	576
0.44	GOLDEN VALLEY	867	378	22	1,267	1,263	690	944	642	736	544	1,008	749
2.28	HILL	6,986	34,308	0	41,294	39,766	22,489	21,510	14,628	20,382	14,660	19,160	14,243
2.18	JUDITH BASIN	6,142	10,692	0	16,834	16,494	9,168	24,340	16,553	23,821	17,134	22,679	16,859
3.27	LIBERTY	5,930	20,124	0	26,054	25,221	14,189	19,500	13,261	15,788	11,356	11,077	8,234
0.07	MUSSELSHELL	229	111	101	441	375	240	602	410	567	408	567	421
0.68	POWDER RIVER	4,055	467	0	4,522	4,638	2,463	4,001	2,721	2,752	1,979	2,198	1,635
0.89	PRAIRIE	2,620	2,301	0	4,921	4,892	2,680	2,812	1,912	2,472	1,778	2,500	1,858
0.08	RICHLAND	26	289	0	315	301	172	1,133	771	796	573	407	304
1.02	TEIOM	3,685	4,386	0	8,071	7,971	2,904	10,732	7,298	7,010	5,042	8,358	6,213
1.96	TOOLE	5,180	12,012	0	17,192	16,752	9,363	14,508	9,667	10,972	7,892	9,089	6,756
0.56	VALLEY	4,703	4,904	0	9,607	9,517	5,232	9,806	6,668	8,171	5,877	7,250	5,389
2.06	WHEATLAND	5,050	4,009	0	9,059	9,027	4,932	5,539	3,767	4,593	3,304	4,732	3,519
		136,809	351,681	843	489,333	475,359	265,000	389,668	265,000	368,420	265,000	356,479	265,000
1 OF APPROPRIATION					542	562			681		721		742

* \$.30 P/A GRAZING
 \$1.84 P/A AGRICULTURE
 \$.17 P/A FOREST

EXHIBIT 4
DATE 3/3/95
5B 197

MEMORANDUM

January 26, 1995

TO: Representative Kitzenberg
FROM: Roger Lloyd
Senior Fiscal Analyst *Roger Lloyd*
RE: Department of State Lands Equalization Payments

Yesterday, the Natural Resources and Commerce Subcommittee discussed your issue of the Department of State Lands equalization payments. They approved the executive budget request of \$265,000 general fund each year, and did not increase the amount to reflect the amount required by statutory formula.

SENATE BILL NO. 197

HOUSE TAXATION COMMITTEE

MARCH 3, 1995 8 AM

Chairman Chase Hibbard and members of the House Taxation Committee. My name is Ed Carney and I reside in Scobey, Montana.

Senate Bill No. 197 is patterned after the State Land Equalization law described in Section 77-1-501 thru Section 77-1-507, MCA. The Legislative intent was to provide "in lieu" payments to those counties with over 6% of their total land owned by the State. As tax exempt state lands produce no revenue to the counties where they are located it was decided that "in lieu" payments was the way to face the problem. Many of the federally owned lands remit funds to the counties where they are located. The reason that an exemption factor of 6% is used is because Section 16 and Section 36^{in every township} are school lands and represent the burden that each county government should assume. The "in lieu" funds were to^{be} based on the revenue that would have been obtained had this land been in private ownership. This was the decision of the legislature in 1967.

Senate Bill No 197 provides for "in lieu" payments to all counties with state land, however, it differs in the respect that it does not provide for an exemption of 6% of the state land located in the respective counties. As you can see the 6% exemption is going to remove any county with less than 6% from receiving any state land equalization payments. Senate Bill No. 197 will remove this problem by providing that all counties with state land will receive state land equalization payments.

The current law provides that only 20 counties would receive state land equalization payments and Senate Bill 197 provides that all counties in which state land is located shall receive state land equalization payment. The fiscal note says that with a total of 5,153,000 acres of state lands in all counties and with an average of \$0.63 per acre the cost would run approximately \$3,250,000. per year. The cost of the present law has been \$265,000. per year since 1986 and this amount has not met the claims from the counties eligible for the payments. The proposed law effectively removes and equalization factor by striking the "exemption factor". As a representative of one of those counties most seriously affected by SB No 197 I request that you seriously consider not passing this bill. Thank you.

Computation Form State Land Equalization Payments

Year 1994 County Daniels

School District Number	State-Owned Acres by School District	Times (x)		Equals (=)	Times (x)	Equals (=)	Times (x)	Equals (=)	Times (x)	Equals (=)	Times (x)	Equals (=)
		Grade	Dollar Value		3.86 % 3.86 % Agri & Grazing 4.00 % Forest	Taxable Value	Mill Levy					
2	210	28	146.88	30,845	3.86 %	1191	.40387	481				
2	21,818	28	122.04	2,662,669	"	102,779	"	41,509				
2	33,593	3A	99.30	3,335,785	"	128,761	"	52,003				
2	12,958	3B	78.77	1,020,702	"	39,399	"	15,912				
2	1315	4A	60.40	79,426	"	3,066	"	1238				
2	14,034	G-28	42.52	596,726	"	23,034	"	9303				
2	57,984	G-3	29.92	1,734,881	"	66,966	"	27,046				
2	155	G-4	20.45	3170	"	122	"	49				
2	158	G-5	12.02	1899	"	73	"	30				
TOTAL	142,225			9,466,103		365,391		147,571			.25119	37,068

A. Total County Acres 923,520
 B. Total State-Owned Acres 220,596.18
 C. Percent State-Owned to Total (B divided by A) .2386
 D. County Exemption Factor (6% Divided by C) .25119

1. Gross Assessment \$ 147,571
 2. Less State Exemption 37,068
 State Payment \$ 110,503

For State Use Only

EXHIBIT 6
DATE 3/3/95
~~SB~~ 197

John C. Brenden
Senate Bill 197
Testimony in Opposition
House Taxation Committee
March 3, 1995

Mr. Chairman, members of the House Taxation Committee, I am John Brenden, a taxpayer and a farmer from Scobey in Daniels County, Montana. Today, I stand in opposition to Senate Bill 197 in its present form.

Unfortunately for Daniels County, we (Daniels County) ended up with 23.9 percent of our 923,520 acres belonging to the State of Montana. This has caused a hardship on revenues coming to the Daniels County government. Since 1969, the State of Montana has given Daniels County payment in lieu of taxes on its state lands. Last year, the county received \$87,000 in PILT monies. Of the 220,000 acres of state land, it is about equally divided between farm land and grazing land. On my farm, I pay anywhere from \$1.55 an acre to \$2.31 an acre for farm land. If the State of Montana paid what it should and even exempted the first 6 percent of state land from PILT, Daniels County would still receive over \$250,000 annually.

In April of 1979, the most disastrous drought ever hit eastern Montana. For the next 10 out of 12 years, we in Daniels County had an average of a 25% crop. How many people could

survive on a 25% calf crop or a 75% reduction in their income? Daniels County lost 20 percent of its population in the 1980s, down to 2,266 people in 1990. According to the February 7, 1995 Great Falls Tribune, Daniels County was one of 16 counties in Montana to lose population from 1990 to 1994. Daniels County was the fifth highest loser of population with a 5 percent loss, down to 2,152 people.

I suspect by now, the members of this committee understand the funding problems of Daniels County when it receives only about one-third in PILT payments instead of full taxable value if the land were in private hands or received 100 percent of PILT monies. Of this money, 60 percent goes to our schools and 40 percent to roads. Our private property owners have to pay a larger share of taxes to cover the expenses to run our county.

Daniels County is not a beggar county, either. Over the years, many individuals, groups and organizations have given many dollars to keep our area going. A good example is our local radio station. Over the past 15 years, KCGM has held 11 radiothons for the community and has raised \$607,000.

SB 197 in its present state causes a fairness and equity issue for Daniels County. With the reallocation and reapportionment of funds, Daniels County would lose over \$50,000 in PILT monies. The state should pay full payment in lieu of taxes to the counties affected with state land. We in Daniels County could easily support Senator Gage's Bill 197 if we were

guaranteed full funding by the Legislature, but that has not happened since the program was started in 1969.

A suggestion might be to amend SB 197 so the major impacted counties with state lands will not take a hit of such magnitude and will not have a reduction of its present revenues. Please help Daniels County and the other counties that are affected in this dire predicament. Either amend SB 197 to hold Daniels County harmless or kill the bill.

Thank you.

"VOICE OF THE PRAIRIES . . . your good neighbor station"

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20 Main Street
SCOBEY, MONTANA 59263

Owned and Operated by Prairie Communications, Inc.

KCGM's RADIOTHONS ASSISTING VARIOUS NON-PROFIT ORGANIZATIONS

APRIL, 1994:

Daniels County Ambulance Association.....\$101,092.00

OCTOBER 1991:

Daniels County Museum.....\$12,197.00

June 1990:

Association for Branch Line Equality.....\$19,350.00

April 1990:

Senior Citizens/Library Foundation.....\$43,600.00

July 1989:

Daniels County Museum.....\$2,100.00

January 1988:

KCGM- Community Owned Radio.....\$160,000.00

March 1987:

Daniels County Fire Department.....\$42,300.00

October 1986:

Rainbow Connection.....\$4,300.00

March 1985:

Scobey Baseball Park.....\$41,000.00

July 1982:

Scobey Swimming Pool.....\$3,100.00

April 1979:

Daniels Memorial Hospital.....\$178,000.00

\$607,039.00

Post-It™ brand fax transmittal memo 7671		# of pages > 1
To: <u>John Brenden</u>	From: <u>Shelly Baldry</u>	
Co. <u>Helena, MT.</u>	Co. <u>KCGM - FM.</u>	
Dept.	Phone # <u>406-487-2293</u>	
Fax # <u>406-443-0979</u>	Fax # <u>406-487-5922</u>	

Could you get by
on \$4.25 an hour?



That's the minimum wage in this country. If you're a business owner paying workers minimum wage, can you afford an increase? President Clinton is asking Congress to raise the minimum wage by 90 cents—to \$5.15 an hour—over two years. Let us know what you think.

Write Carol Bradley: Great Falls Tribune, P.O. Box 5468, Great Falls MT 59403, or call 1-406-791-1466 by Wednesday, Feb. 8.

Také Uda/Tribune

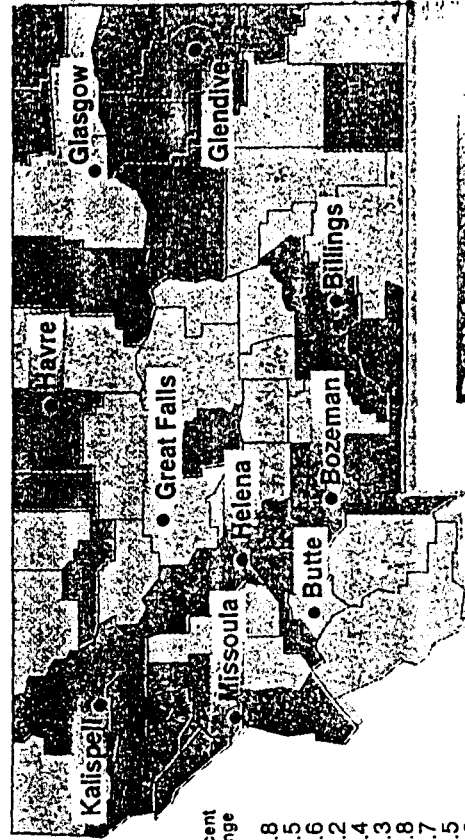
Tribune photo by Stuart S. White
Youth American ball in the style
today. Bethurum's presentation

Shifting population

According to the latest census estimates, the early '90s brought rapid change to much of Montana. Here are the population trends in Montana's 56 counties:

	1990	1994	Percent change
Moderate growth			
Musselshell	4,106	4,422	7.7
Madison	5,989	6,384	6.6
Big Horn	11,137	12,061	8.3
Lincoln	17,491	18,409	5.3
Beaverhead	8,424	8,849	5.0
Wheatland	2,246	2,355	4.9
Blaine	6,728	7,054	4.8
Cascade	77,691	81,166	4.5
Fergus	12,083	12,588	4.2
Granite	2,548	2,655	4.2
Golden Valley	912	949	4.1
Minimal growth			
Custer	11,697	12,126	3.7
Sweetgrass	3,154	3,269	3.6
Petroleum	519	534	2.9
Teton	6,271	6,438	2.7
Powell	6,620	6,792	2.6
Silver Bow	33,941	34,813	2.6
Glacier	12,121	12,427	2.5
Rosebud	10,505	10,755	2.4
Carter	1,503	1,531	1.9
Roosevelt	10,999	11,128	1.2
Valley	8,239	8,316	0.9
Toole	5,046	5,087	0.8
Meagher	1,819	1,830	0.6
Treasure	874	875	0.1
Chouteau	6,452	6,451	0.0
Declining population			
Hill	17,654	17,480	-1.0
Deer Lodge	10,356	10,229	-1.2
Fallon	3,103	3,061	-1.4
Judith Basin	2,282	2,246	-1.6
Phillips	5,163	5,039	-2.4
Liberty	2,295	2,238	-2.5
Richland	10,716	10,380	-3.1
Pondera	6,433	6,218	-3.3
Prairie	1,383	1,331	-3.8
Powder River	2,090	2,006	-4.0
Wibaux	1,191	1,138	-4.5
Daniels	2,266	2,152	-5.0
Dawson	9,505	8,993	-5.4
McCone	2,276	2,140	-6.0
Shenando	4,732	4,434	-6.3
Garfield	1,589	1,433	-9.8

Source: U.S. Census Bureau



	1990	1994	Percent change
Moderate growth			
Musselshell	4,106	4,422	7.7
Madison	5,989	6,384	6.6
Big Horn	11,137	12,061	8.3
Lincoln	17,491	18,409	5.3
Beaverhead	8,424	8,849	5.0
Wheatland	2,246	2,355	4.9
Blaine	6,728	7,054	4.8
Cascade	77,691	81,166	4.5
Fergus	12,083	12,588	4.2
Granite	2,548	2,655	4.2
Golden Valley	912	949	4.1
Minimal growth			
Custer	11,697	12,126	3.7
Sweetgrass	3,154	3,269	3.6
Petroleum	519	534	2.9
Teton	6,271	6,438	2.7
Powell	6,620	6,792	2.6
Silver Bow	33,941	34,813	2.6
Glacier	12,121	12,427	2.5
Rosebud	10,505	10,755	2.4
Carter	1,503	1,531	1.9
Roosevelt	10,999	11,128	1.2
Valley	8,239	8,316	0.9
Toole	5,046	5,087	0.8
Meagher	1,819	1,830	0.6
Treasure	874	875	0.1
Chouteau	6,452	6,451	0.0
Declining population			
Hill	17,654	17,480	-1.0
Deer Lodge	10,356	10,229	-1.2
Fallon	3,103	3,061	-1.4
Judith Basin	2,282	2,246	-1.6
Phillips	5,163	5,039	-2.4
Liberty	2,295	2,238	-2.5
Richland	10,716	10,380	-3.1
Pondera	6,433	6,218	-3.3
Prairie	1,383	1,331	-3.8
Powder River	2,090	2,006	-4.0
Wibaux	1,191	1,138	-4.5
Daniels	2,266	2,152	-5.0
Dawson	9,505	8,993	-5.4
McCone	2,276	2,140	-6.0
Shenando	4,732	4,434	-6.3
Garfield	1,589	1,433	-9.8

Také Uda/Tribune

EXHIBIT 7
DATE 3/3/95
~~SB~~ 197

RE.Senate Bill 197

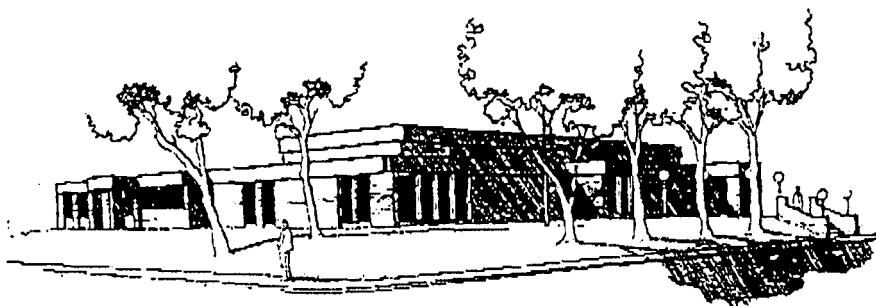
Mr. Chairman and members of the House Taxation Committee:

I am Luverne Nieskens, County Commissioner for Daniels County, and a resident of the Peerless School District.

I appear before you this morning in protest of Senate Bill 197. Passage of this bill would cause great financial hardship on Daniels County and the Peerless School District.

Last year Daniels county received \$87,341.00 from the State of Montana for State Land Equalization payments. Of this amount \$34,936.40 went to the county road fund and the balance to the three school districts in the county. With the passage of Senate Bill 197, all schools would lose funds, but the Peerless School district would be the big loser, losing about \$21,000.00 and reducing their payment to \$14,000.00 in round figures.

Attached to my testimony is a fax from the Valley County Commissioners opposing Senate Bill 197. Even though they would lose State equalization payments they feel that the loss of revenue to Counties with over 6% of School Trust Lands would cause hardship to their schools



Valley County

501 Court Square
Glasgow, Montana 59230Phone: (406) 228-8221
FAX: (406) 228-9027Arthur A. Arnold, Chairman
Marlene A. Erickson, Member
Eleanor D. Pratt, Member

February 28, 1995


Mr. Bill Tande
Daniels County Commissioner
P. O. Box 247
Scobey, MT 59263

Dear Bill:

Please consider this letter as Valley County's opposition to
Senate Bill 197.

Sincerely,

BOARD OF COUNTY COMMISSIONERS


Arthur A. Arnold, Chairman
Marlene A. Erickson, Member
Eleanor D. Pratt, Member

vh

Post-It™ brand fax transmittal memo 7671		# of pages <u>2</u>
To <u>Bill Tande</u>	From <u>Commissioners</u>	
Co.	Co. <u>Valley County</u>	
Dept.	Phone #	
Fax # <u>487-5502</u>	Fax # <u>228-9027</u>	

Re; Senate Bill 197

Mr Chairman and members of the house taxation committee:

I am Michael Machart, member of the Peerless School Board.

If Senate Bill 197 is inacted into law it would have a devastating effect on the Peerless School budget. The loss of \$21,000.00 would do one of two things. It would force the school board to raise taxes or curtail curriculum.

The taxpayers of the Peerless School district are heavily taxed now, because of the large amount of school trust lands in the school district. They can hardly absorb more taxes.

I want to thank the members of the committee for hearing my testimony.

EXHIBIT 9
DATE 3/3/95
SB 197

RE. Senate Bill 197

MR. Chairman and members of the House Taxation Committee:

I am AnnaBelle Fouhy a Concerned citizen, taxpayer, and State School Trust Land Lessee. I reside in the Peerless School District.

I am concerned about how Senate Bill 197 would impact our schools. The Peerless School District has approximately one half of its total area made up of School Trust Lands. If you would refer to the map that was handed out, from the black line to your left is the Peerless School District. All of the black squares are School Trust Lands that make up the School District. You can clearly see that not having Full Funding in lieu of State Equalization Funds would jeopardize our academic programs.

The Peerless School has received four Academic Excellant Awards and any reduction in revenue would have a great impact on programs allowing for continued standard of excellence.

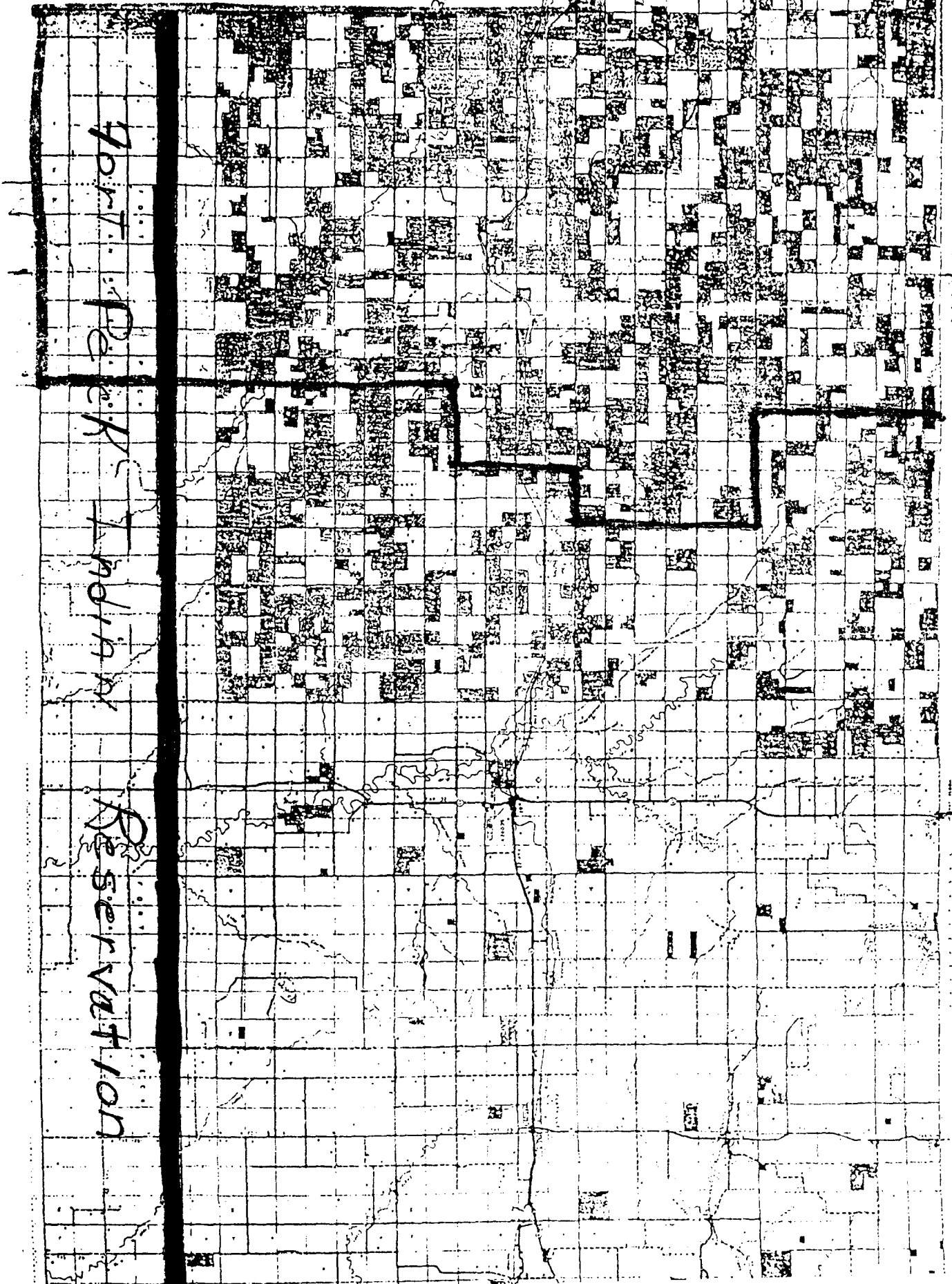
Forty percent of the State Land Equalization payment goes for county road maintance. As daily users of the county roads we are concerned that the loss of the present Funding, or further loss of funding, would leave our roads in hazardest conditions.

Thank you for allowing me to present my testimony.

ELLS
NTY

ARE STATE
1955
WEST LANDS

Port Peck Indian Reservation



THURSDAY, FEBRUARY 9, 1995

SCOBEE, MONTANA

Peerless Receives Academic Award For Excellence

Dr. Stewart of Montana Power Co. was in Peerless Friday, Feb. 3rd to present the Peerless School with their 4th academic award for excellence from Montana Power Co. Student Council President, Bob Roos accepted the trophy.

Supt. Roger Britton introduced Dr. Stewart and spoke on the hard work Peerless students have been doing to attain the grades they have achieved.

EXHIBIT 10
DATE 3/3/95
SB 197

SCOBEEY PUBLIC SCHOOLS

- TELEPHONE 406-487-2204
- FAX NO. (406) 487-2204

SCHOOL DISTRICT NO. 1
205 2nd Ave. E.
P.O. Box 10
Scobey, Montana 59263

CLIFF HAGFELDT
Chairman, Board of Trustees

KAREN L. SCHAEFER
Board Clerk/Business Manager

DUSTIN B. HILL
Superintendent

GEORGE RIDER
High School Principal

DEANNA R. GILMORE
Elementary Principal

ELAIR T. WAHL
NIKKI GRENDAL
Counselors

LARRY HENDERSON
Activities Director

IRENE NESGODA
Administrative Bkbp./Sec.

WANITA BENSON
*Attendance/Records Clerk
H.S./Elem. Secretary*

March 2, 1995

The Honorable Chase Hibbard, Chair
The House Taxation Committee
The State Capitol
Helena, Montana

Dear Representative Chase Hibbard:

I am writing this letter as I cannot be in Helena to testify due to an illness in the family.

Senate Bill 197 was initially written to give tax relief to those counties that currently impacted by state land. Since the state land cannot be taxed by local governments, revenue is lost to the local governments. Because Daniels county is impacted by being 23% State Lands, much potential tax income is lost to local governments, in this case schools and counties. As SB197 was originally written, the tax income would have been rectified. As SB197 was amended, Daniels County and Scobey School District would lose much revenue. I am sure you have the figures available to you. I believe that this type of "equalization" is not only grossly unfair and inequitable, but is opposite to the intent of the original SB197.

I want to go on record as opposing SB197 as it has been amended.

Sincerely,

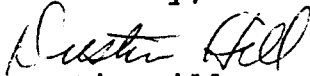

Dustin Hill
Superintendent

EXHIBIT 11
DATE 3/3/95
HB 413

March 3, 1995

MEMORANDUM

TO: HOUSE TAXATION COMMITTEE
FR: JIM RICHARD, Impact Planning Consultant
RE: REPORT OF FISCAL EFFECTS OF HOUSE BILL 413

At the hearing on House Bill 413, the committee asked me to estimate the fiscal effects of the bill on local governments, using the data from the Impact Plans prepared for Stillwater County and Sweet Grass County. Attached are summaries of the estimated effects that HB 413 would have on the units of local government in each of those two counties. I have the revenue and cost tables from each Impact Plan, and the work sheets I used to derive the estimated fiscal effects.

I also have attached a list of points or issues for the committee's consideration in evaluating HB 413. Below is a very brief summary of HB 413:

1. page 2, lines 13 - 16: Would prohibit an impact plan from including in-migrating secondary population in the projections of the fiscal impacts of a mineral development;
2. page 6, lines 4 - 5: Would require a unit of local government to repay all of the a mining company's prepaid taxes whether or not the mineral project generates sufficient mine-related revenues to meet and exceed mine-related costs;
3. page 6, line 27: Would prohibit a county from levying county mills on mine-related taxable valuation within a municipality (all other property within a municipality is taxed by both the municipality and the county).

OVERVIEW OF THE HARD ROCK MINING IMPACT ACT
AS IT PERTAINS TO HOUSE BILL 413

BACKGROUND

- In 1981 legislation that would become the Hard Rock Mining Impact Act was supported by local governments facing metal mining projects and the metal mining industry. Local governments supported the legislation because it would prevent local residents from paying increased taxes and fees for costs related to a mineral project. The metal mining industry supported the legislation because it was a preferable alternative to severance or other taxes, which was being advocated by some groups at the time.
- The underlying philosophy of the Hard Rock Mining Impact Act is that existing residents should not have their local taxes or fees increased to pay for increased costs of services created by a mining development.

SECONDARY IMPACTS

- Secondary impacts often are not substantial, but including secondary impacts in an Impact Plan is honest recognition that a mining development creates secondary effects. People in a community feel more confidence that an Impact Plan is credible if all impacts are included.
- Mining companies are not responsible for unrelated secondary impacts, such as those related to tourism, a new Town Pump, Super 8, or an unrelated industry.
- In certain situations with low available work force, such as at Cooke City, secondary impacts could be very significant.
- Estimating the secondary impacts associated with a mineral project is not precise, but a reasonable estimate can be made.

TAX PREPAYMENT/TAX CREDIT

- Tax prepayments, with the subsequent opportunities for tax credits, is discretionary with local governments. Local governments can demand outright grants to offset net impact costs.
- HB 413 probably would harm most hard rock mining companies because local governments would not offer tax prepayments and credits as an option to meet net impact costs. Local governments would demand grants.

IMPACTS OF HB 413 ON SWEET GRASS COUNTY LOCAL GOVERNMENTS

SWEET GRASS COUNTY

Eliminate Secondary Impacts (Secondary impact = 12%)

Secondary Impact Costs:	\$27,600	
Secondary Impact Revenues:	\$14,800	
Net Costs:		\$12,800 loss per year

Tax Credits Must Equal Tax Prepayments

Poor Fund: Total loss of \$69,200

Change Tax Base Sharing

\$1,350,000 mining taxable valuation transferred to Big Timber
@ 60.2 county mills = \$81,400 loss per year to county

CITY OF BIG TIMBER

Eliminate Secondary Impacts

Secondary Impact Costs:	\$12,600	
Secondary Impact Revenues:	\$ 8,000	
Net Secondary Costs:		\$4,600 loss per year

Tax Credits Must Equal Tax Prepayments

Total loss of \$230,000

BIG TIMBER GRADE SCHOOL

Tax Credits Must Equal Tax Prepayments

Years 1-6:	\$1,100,000 loss
Years 7-on:	\$84,400 loss per year

SWEET GRASS COUNTY HIGH SCHOOL

Eliminate Secondary Impacts

Secondary Impact Costs:	\$68,200	
Secondary Impact Revenues:	\$23,800	
Net Secondary Costs:		\$44,400 loss per year

Tax Credits Must Equal Tax Prepayments

Years 1-5:	\$428,000 loss
Year 6 -on:	\$ 82,000 loss per year

EXHIBIT 12
DATE 3/3/95
HB 413

Amendments to House Bill No. 413
First Reading Copy

Requested by Rep. Orr
For the Committee on Taxation

Prepared by Lee Heiman
March 2, 1995

1. Page 6, line 3.

Following: "municipal."

Insert: "or"

Strike: ", or state"

2. Page 7, line 12.

Insert: "NEW SECTION. Section 5. Saving clause. The provisions of [this act] do not apply to approved impact plans that have been implemented by a mineral developer through the payment of tax prepayments."

Renumber: subsequent section

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. SB 197
 DATE 3/3/95 SPONSOR(S) Serv. Sage

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
<u>Gordon Morris</u>	<u>MA Co.</u>	<u>197</u>	<u>—</u>	
<u>Don Harrison</u>	<u>MA Co.</u>	<u>197</u>	<u>—</u>	

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

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Vacation COMMITTEE _____ BILL NO. SB 235
DATE 3/3/95 SPONSOR(S) Sen. Miller

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Stuart Doggett	MT Manufactured Housing & RV Assoc	SB235		X

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ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Location _____ COMMITTEE _____ BILL NO. SB 305
 DATE 3/3/95 SPONSOR(S) Sen. Meseros

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PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
<u>John C. Brenden</u> ^{Box 970 Scobey, MT}	<u>Self</u>	<u>SB197</u>	<u>X</u>	
<u>Charles Danreuther</u> ^{Box 459 Fort Benton}	<u>Chouteau County</u>	<u>SB197</u>	<u>X</u>	
<u>ED CARNEY</u>	<u>DANIELS Co.</u>	<u>SB197</u>	<u>X</u>	
<u>Charles Tower</u>	<u>Danids</u>	<u>SB197</u>		
<u>Annelle Fackey</u>	<u>Danids</u>	<u>SB197</u>	<u>X</u>	
<u>Luranne Kiesters</u>	<u>Danids</u>	<u>SB197</u>		
<u>Gordon Morris</u>	<u>MA Co</u>	<u>197</u>	<u>X</u>	
<u>Lorne Clark</u>	<u>MT ASSN. REACTORS</u>			<u>X</u>

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