

## MINUTES

### MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN GERRY DEVLIN, on January 24, 1997, at  
8:00 a.m., in Room 325.

#### ROLL CALL

**Members Present:**

Sen. Gerry Devlin, Chairman (R)  
Sen. Mike Foster, Vice Chairman (R)  
Sen. Mack Cole (R)  
Sen. Bob DePratu (R)  
Sen. Dorothy Eck (D)  
Sen. Wm. E. "Bill" Glaser (R)  
Sen. Mike Sprague (R)  
Sen. Barry "Spook" Stang (D)  
Sen. Fred R. Van Valkenburg (D)

**Members Excused:** None

**Members Absent:** None

**Staff Present:** Jeff Martin, Legislative Services Division  
Renée Podell, Committee Secretary

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

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: SB 195, 01/19/97  
Executive Action: None

#### HEARING ON SB 195

**Sponsor:** JOHN HARP, SD 42, KALISPELL

**Proponents:** Mick Robinson, Representing Governor Racicot  
Dennis Burr, Montana Taxpayers Association  
Joe Upshaw, Speaking for the Retired Community  
Ed Regan, RY Timber, Inc.  
Jeff Wolfe  
John Baucus, Montana Stockgrowers  
Andy Skinner  
Al Kington, Montana Tree Farm Association  
John Bloomquist, Montana Stockgrowers  
Rep. Douglas Wagner, Dist. 83  
Dean Randash, NAPA Auto Parts  
Del Schubring, Broadwater Printing

David Owen, Montana Chamber of Commerce  
John Shontz, Montana Association of Realtors  
Greg VanHorssen, Montana Housing Provider  
Lorna Frank-Karn, Montana Farm Bureau  
Ed Nelson  
Angela Janccaro, Montana Mining Association

Opening Statement by Sponsor:

SEN. JOHN HARP explains SB 195 delays the effect of the current property reappraisal cycle and delays the next reappraisal cycle until the year 2000. He states there must be a vision to move Montana ahead rather than try to divide the state. SEN. HARP calls for a new direction in Montana, looking for solutions for tax reform. He asserts SB 195 is supported by both sides of the aisle. He states Governor Racicot has elevated the sales tax proposal as proclaimed in the State of the State address and the Montana Association of Counties (MACO) is working for tax reform along with reductions in property taxes. SEN. HARP remarks that SB 195 contains all the pieces to solve the interim problem of escalating increases in property taxes, and the issue of changing how property taxes are dealt with based on the Constitution.

Proponents' Testimony:

Mick Robinson, Representing Governor Racicot, presents (EXHIBIT #1).

Dennis Burr, Montana Taxpayers Association, supports reappraisal projects in the state, encouraging values to be froze at the current level. He attests it is necessary to impart fairness.

Joe Upshaw says he is certain he speaks for a large segment of the retired population in Montana. He announces Montana property tax and the income tax has reached a saturation point. Mr. Upshaw maintains SB 195 is fair and equitable to all.

Ed Regan, RY Timber, Inc., states SB 195 is an interim measure that will provide property tax relief, while the legislature works towards a more comprehensive and equitable tax system for Montana. (EXHIBIT #2) is presented by Mr. Regan.

Jeff Wolfe, Columbia Falls, comments he has watched his taxes increase 600% since 1990 and he can't afford to live in the State of Montana any longer. He asks for something to be done making things more equitable.

John Baucus, Montana Woolgrowers Association, speaks from a ranchers standpoint explaining how each year cost cuts have to be made to live within the budget. Property taxes keep increasing and agricultural prices keep going down. He asks for a long term tax reform solution to fix what is broken. SB 195 gives a freeze which is an opportunity to look at the situation.

**Andy Skinner, Local Businessman**, says there are too many fees charged by City and Counties because of I-105. He insists the State of Montana must get taxes down to reasonable.

**Al Kington, Land Use Consultant, Montana Tree Farm Association**, gives written testimony (EXHIBIT #3).

**John Bloomquist, Montana Stockgrowers Association**, explains the association conducted a survey recently of its members and one question asked was what are the two biggest concerns producers have. He reports market situation and property taxes were the producers main concerns.

**Rep. Douglas Wagner, District 83**, rises in reluctant support of SB 195. He says a strong signal is still coming from the people in Flathead County for the legislators to control government spending first and consider the taxes second. He states until a better proposal comes out of this legislation which we can rally around, this bill is a good start, however, the House can make this a better bill.

**Dean Randash, NAPA Auto Parts in Helena and East Helena**, presents (EXHIBIT 4).

**Del Schulbring, Broadwater Printing**, urges passage of SB 195.

*{Tape: 1; Side: B; Approx. Time Count: 30.4; Comments: None.}*

**David Owen, Montana Chamber of Commerce**, says this bill allows the legislature in the middle of a very complex problem to send out a clear message that a solution will be found.

**John Shontz, Montana Association of Realtors**, notes the association supports this legislation and they stand ready to work with the Governor and the legislature to find a solution to a obvious problem. He asks that the Department of Revenue give data to the association as soon as possible in order for them to assist. **Mr. Shontz** explains Page 3, Line 10, of the bill creates dependence on current law.

**Greg VanHorssen, Montana Housing Providers**, supports SB 195 and is eager to participate in any discussions which might take place during the interim.

**Loren Frank-Karn, Montana Farm Bureau**, says this is one step towards tax reform and urges support of SB 195.

**Ed Nelson, Homeowner and Retired Person**, speaks in support of SB 195 and is relieved that the legislature is handling this issue.

**Angela Janccaro, Montana Mining Association**, echoes support for this legislation.

*{Tape: 1; Side: B; Approx. Time Count: 7.5; Comments: None.}*

The following exhibits were sent-U.S. mail or by FAX to the Capitol:

Dale W. Williams, County Commissioner, Flathead County, (EXHIBIT 5).

Shirley and Dan Rasmussen, Stevensville, (EXHIBIT 6).

Larry L. Lautaret, Whitefish, (EXHIBIT 7).

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. DOROTHY ECK asks SEN. HARP if he will have other bills that will go along with this composing a comprehensive tax plan. SEN. HARP responds this is an interim proposal and with SB 211 and the MACo proposal all the ingredients will be in place. He insists as far as further study and input from the public all the cards are on the table.

SEN. FRED VAN VALKENBURG questions Mick Robinson in regard to how much has been invested in the reappraisal process just for the 1996 reappraisal. Mr. Robinson states the effort that has been expended has been going on for a four year period of time and this is the second reappraisal developed with the use of the computer assisted mass reappraisal system. He affirms the annual budget of the property assessment division is in the range of \$13 million. SEN. VAN VALKENBURG asks Mr. Robinson what his department's assessment of court defensibility is if a freeze of all the reappraisals had been completed and someone said not all property is being reappraised at full market value. Mr. Robinson responds it certainly is a concern and he has had discussions with the department's chief legal counsel regarding this question. He states the Constitution requires that values be equalized. SEN. VAN VALKENBURG asks Mr. Robinson to remind him what the approximate margin was on the sales tax vote in 1993. Mr. Robinson relates he remembers very clearly it was a three to one vote.

Closing by Sponsor:

SEN. HARP thanks the DOR for working so hard to prepare the fiscal note for this bill. He gave a chronological history of Montana reappraisals. He asks government to stop reappraisals from taking effect for a period of two years and look at a long term solution for Montana's tax reform.

ADJOURNMENT:

SENATE TAXATION COMMITTEE

January 24, 1997

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Adjournment: 9:16 a.m.

  
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SEN. GERRY DEVLIN, Chairman

  
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RENEE PODELL, Secretary

GD/rp