

SENATE BILL NO. 26

INTRODUCED BY HAGER, ADDY, SPAETH, WHALEN, WINSLOW,
KEATING, MCLANE, B. BROWN, KEENAN, CRIPPEN, HARRINGTON,
REHBERG, RAMIREZ, SIMON, HARP, M. WILLIAMS, MAZUREK

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

IN THE SENATE

JANUARY 5, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

JANUARY 8, 1987 ON MOTION BY CHIEF SPONSOR, SENATORS
KEATING, MCLANE, BROWN, CRIPPEN, AND
MAZUREK AND REPRESENTATIVES ADDY,
SPAETH, WHALEN, WINSLOW, KEENAN,
HARRINGTON, REHBERG, RAMIREZ, SIMON,
HARP, AND WILLIAMS ADDED AS SPONSORS.

JANUARY 10, 1987 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

JANUARY 12, 1987 PRINTING REPORT.

JANUARY 14, 1987 SECOND READING, DO PASS.

JANUARY 15, 1987 ENGROSSING REPORT.

JANUARY 16, 1987 THIRD READING, PASSED.

TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 4, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 3, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 5, 1987 SECOND READING, CONCURRED IN.

MARCH 6, 1987 THIRD READING, CONCURRED IN.
AYES, 75; NOES, 19.

RETURNED TO SENATE.

IN THE SENATE

MARCH 7, 1987

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

1 SENATE BILL NO. 26
 2 INTRODUCED BY HAGER
 3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE
 6 DEPARTMENT OF REVENUE, ON BEHALF OF THE STATE OF MONTANA, TO
 7 ACCEPT IN-KIND PAYMENT OF CERTAIN INHERITANCE AND ESTATE
 8 TAXES FROM THE MOSS ESTATE; AND PROVIDING AN IMMEDIATE
 9 EFFECTIVE DATE."
 10
 11 WHEREAS, House Bill No. 701 (Chapter 736, Laws of 1985)
 12 was adopted during the 49th Legislative Session; and
 13 WHEREAS, House Bill 701 provided for the in-kind
 14 payment of estate and inheritance taxes by the transfer to
 15 the state of unique objects, sites, or buildings of
 16 significant or unique historical interest; and
 17 WHEREAS, House Bill 701 further provided for a rigorous
 18 application and review process before property could be
 19 accepted as in-kind payment of estate and inheritance taxes;
 20 and
 21 WHEREAS, the Montana Historical Society has made
 22 application to the Department of Revenue for in-kind payment
 23 of inheritance and estate taxes in the form of the Moss
 24 Mansion; and
 25 WHEREAS, the Moss Mansion was the family home of the

1 P.B. and Mattie Moss family in Billings, Montana, and is a
 2 site of unique and significant historical interest to the
 3 State of Montana; and
 4 WHEREAS, the rigorous review process specified in House
 5 Bill 701 involves direct participation by the Montana
 6 Historical Society, the Department of Revenue, the
 7 Legislature's Revenue Oversight Committee, and others; and
 8 WHEREAS, the results of the application and review
 9 process are a recommendation by the Montana Historical
 10 Society, the Department of Revenue, and the Legislature's
 11 Revenue Oversight Committee to the 50th Legislature that the
 12 Department of Revenue be allowed to accept as in-kind
 13 payment of estate and inheritance taxes an undivided
 14 interest of ownership of the Moss Mansion in the amount of
 15 \$113,000.
 16
 17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 18 Section 1. Approval of Moss Mansion for in-kind
 19 payment. The department of revenue, on behalf of the state
 20 of Montana, shall accept an undivided interest of ownership
 21 of the Moss Mansion in the amount of \$113,000 as in-kind
 22 payment of \$113,000 of estate and inheritance taxes due from
 23 the Moss estate.
 24 Section 2. Effective date. This act is effective on
 25 passage and approval.

-End-
 -2-

INTRODUCED BILL
 SB 26



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB026, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act requiring the Department of Revenue, on behalf of the State of Montana, to accept in-kind payment of certain inheritance and estate taxes from the Moss Estate; and providing an immediate effective date.

FISCAL IMPACT:

The fiscal impact of the proposal would be a loss of \$113,000 to the general fund but the state would gain a 61.5% share of an asset valued in total at \$756,186. The state's share of the asset is thus valued at \$465,054. In addition, the state is paying \$50,000 from the long-range building program to assist with the purchase of this property. The remaining share of the property is held by the City of Billings. The transaction would, thus, be identical to a general fund and long-range building program appropriation for and subsequent purchase of the mansion.

The operation of the mansion is intended to be self-sustaining through contributions and receipts from activities conducted at the mansion by the Billings Preservation Society, a subcommittee of the Billings Park, Recreation and Reservation Foundation. By agreement with the state and City of Billings, the Society will be responsible for the ongoing cost of care and maintenance of the mansion as an historical museum.

The proposal will result in a minor loss of property tax revenue to the state as shown below.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposal will result in a loss of property tax revenue when the mansion becomes government property. The property is appraised for property tax purposes at \$670,496 and the 1986 Billings levy of 336.75 (6 mills university, 45 mills school foundation program and 285.75 for Billings and Yellowstone County taxing jurisdictions) applies to future years, the following table describes the property tax impacts.

<u>Levy</u>	<u>FY88</u> <u>Revenue Loss</u>	<u>FY89</u> <u>Revenue Loss</u>
University	\$ 155	\$ 155
School Foundation Program	1,165	1,165
Billings and Yellowstone Co.	7,395	7,395
Total	\$ 8,715	\$ 8,715

David L. Hunter DATE 1/8/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

Tom Hager DATE 1-9-87
TOM HAGER, PRIMARY SPONSOR

Fiscal Note for SB026, as introduced.

APPROVED BY COMMITTEE
ON TAXATION

SENATE BILL NO. 26

INTRODUCED BY HAGER, ADDY, SPAETH, WHALEN, WINSLOW,
KEATING, MCLANE, B. BROWN, KEENAN, CRIPPEN, HARRINGTON,
REHBERG, RAMIREZ, SIMON, HARP, M. WILLIAMS, MAZUREK
BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE
DEPARTMENT OF REVENUE, ON BEHALF OF THE STATE OF MONTANA, TO
ACCEPT IN-KIND PAYMENT OF CERTAIN INHERITANCE AND ESTATE
TAXES FROM THE MOSS ESTATE; AND PROVIDING AN IMMEDIATE
EFFECTIVE DATE."

WHEREAS, House Bill No. 701 (Chapter 736, Laws of 1985)
was adopted during the 49th Legislative Session; and

WHEREAS, House Bill 701 provided for the in-kind
payment of estate and inheritance taxes by the transfer to
the state of unique objects, sites, or buildings of
significant or unique historical interest; and

WHEREAS, House Bill 701 further provided for a rigorous
application and review process before property could be
accepted as in-kind payment of estate and inheritance taxes;
and

WHEREAS, the Montana Historical Society has made
application to the Department of Revenue for in-kind payment
of inheritance and estate taxes in the form of the Moss

Mansion; and

WHEREAS, the Moss Mansion was the family home of the
P.B. and Mattie Moss family in Billings, Montana, and is a
site of unique and significant historical interest to the
State of Montana; and

WHEREAS, the rigorous review process specified in House
Bill 701 involves direct participation by the Montana
Historical Society, the Department of Revenue, the
Legislature's Revenue Oversight Committee, and others; and

WHEREAS, the results of the application and review
process are a recommendation by the Montana Historical
Society, the Department of Revenue, and the Legislature's
Revenue Oversight Committee to the 50th Legislature that the
Department of Revenue be allowed to accept as in-kind
payment of FOR \$113,000 DUE IN estate and inheritance taxes
an undivided-interest-of ownership of INTEREST IN the Moss
Mansion in-the-amount-of-\$113,000.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Approval of Moss Mansion for in-kind
payment -- TERMS AND CONDITIONS. The-department-of-revenue,
on-behalf-of-the-state-of-Montana, shall-accept-an-undivided
interest--of--ownership-of-the-Moss-Mansion-in-the-amount-of
\$113,000-as--in-kind--payment--of--\$113,000--of--estate--and
inheritance--taxes--due-from-the-Moss-estate. (1) SUBJECT TO



1 THE TERMS AND CONDITIONS SET FORTH IN THIS SECTION, THE
 2 DEPARTMENT OF REVENUE SHALL ACCEPT AS IN-KIND PAYMENT FOR
 3 \$113,000 DUE IN ESTATE AND INHERITANCE TAXES AN OWNERSHIP
 4 INTEREST IN THE MOSS MANSION, DESCRIBED IN THE PREAMBLE OF
 5 THIS ACT.

6 (2) THE MONTANA HISTORICAL SOCIETY IS AUTHORIZED TO
 7 TAKE TITLE BY WARRANTY DEED TO THE REAL AND PERSONAL
 8 PROPERTY ASSOCIATED WITH THE MOSS MANSION, IN THE NAME OF
 9 THE STATE OF MONTANA, AS TENANTS IN COMMON WITH THE CITY OF
 10 BILLINGS, IN THE PROPORTION CONTRIBUTED BY EACH TO ACQUIRE
 11 MOSS MANSION. ACCORDINGLY, THE STATE IS ENTITLED TO A 61.5%
 12 OWNERSHIP INTEREST IN THE PROPERTY BASED ON A \$50,000
 13 APPROPRIATION IN 1983 FOR THE MOSS MANSION AND THE IN-KIND
 14 PAYMENT OF \$113,000 UNDER THIS ACT, AND THE CITY OF BILLINGS
 15 IS ENTITLED TO A 38.5% OWNERSHIP INTEREST IN THE PROPERTY
 16 BASED ON ITS \$102,000 INVESTMENT IN THE PROPERTY.

17 (3) UPON TAKING TITLE UNDER SUBSECTION (2), THE
 18 MONTANA HISTORICAL SOCIETY SHALL RECORD ITS INTEREST AND
 19 PROMPTLY NOTIFY THE DEPARTMENT OF REVENUE. THE DEPARTMENT
 20 SHALL NOTIFY THE COUNTY TREASURER AND STATE TREASURER OF THE
 21 IN-KIND PAYMENT.

22 (4) THE MONTANA HISTORICAL SOCIETY MAY NOT TAKE TITLE
 23 UNDER SUBSECTION (2) UNTIL IT RECEIVES A CONTRACT EXECUTED
 24 BY THE BILLINGS PRESERVATION SOCIETY, THE CITY OF BILLINGS,
 25 AND THE MONTANA HISTORICAL SOCIETY IN WHICH CONTRACT THE

1 BILLINGS PRESERVATION SOCIETY AGREES TO ASSUME FULL
 2 RESPONSIBILITY FOR THE MANAGEMENT, MAINTENANCE, AND
 3 OPERATIONAL COSTS OF THE MOSS MANSION AND ASSOCIATED
 4 PERSONAL PROPERTY AND TO MAKE MAJOR CHANGES OR MODIFICATIONS
 5 TO SUCH PROPERTY ONLY UPON APPROVAL BY THE MONTANA
 6 HISTORICAL SOCIETY AND THE CITY OF BILLINGS.

7 Section 2. Effective date. This act is effective on
 8 passage and approval.

-End-

1 SENATE BILL NO. 26

2 INTRODUCED BY HAGER, ADDY, SPAETH, WHALEN, WINSLOW,
 3 KEATING, MCLANE, B. BROWN, KEENAN, CRIPPEN, HARRINGTON,
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 13 WHEREAS, House Bill No. 701 (Chapter 736, Laws of 1985)
 14 was adopted during the 49th Legislative Session; and

15 WHEREAS, House Bill 701 provided for the in-kind
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19 WHEREAS, House Bill 701 further provided for a rigorous
 20 application and review process before property could be
 21 accepted as in-kind payment of estate and inheritance taxes;
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 24 application to the Department of Revenue for in-kind payment
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 3 P.B. and Mattie Moss family in Billings, Montana, and is a
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 13 Revenue Oversight Committee to the 50th Legislature that the
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 17 Mansion ~~in-the-amount-of-\$113,000.~~

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 21 payment -- TERMS AND CONDITIONS. ~~The department of revenue,~~
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