

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE  
HOUSE OF REPRESENTATIVES

February 1, 1985

The sixteenth meeting of the Taxation Committee was called to order in room 312-2 of the state capitol by Chairman Gerry Devlin at 8:11 a.m.

ROLL CALL: All members were present with the exception of Representative Ellison and Representative Iverson. Also present were Dave Bohyer, Researcher for the Legislation Council, and Alice Omang, secretary.

CONSIDERATION OF HOUSE BILL 240: Representative Ramirez, District 87, Billings, stated that this bill was recommended by the Revenue Oversight Committee and it was a clone of SB 48, but had genetic improvements. He gave background information as to how this bill came about. He indicated that they have several options - (1) to exempt this kind of property from taxation, (2) to do nothing (3) to have an administrative adjustment of tax rates at the assessment level, as most states do and (4) to handle the problem the way it is addressed in Senate Bill 48 and HB 240, and that is to reclassify the property tax classifications. He said that the problem with the latter is that it puts residential and commercial real property under one class. He went through the bill and explained all the things that it does. See Exhibits 1 & 1A.

PROPONENTS: Dennis Burr, representing the Montana Taxpayers' Association, stated that their support of this bill is based on the fact that this bill leaves residential and commercial property in the same class and SB 48 lists residential separately from commercial property.

Dave Goss, representing the Billings Chamber of Commerce, stated that in Yellowstone County, the commercial property represents 46 to 48% of the taxable value in the entire county, but they do not occupy 46% of the property in the county. They support this bill over SB 48, he claimed.

Jim Hughes, representing Mountain Bell, said that several years ago, the law was changed so, for rate-making purposes, regulators could use the original cost depreciated for the basis on which to establish rates and they are using that method now. He indicated they support the proposed amendments and support the bill.

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Gregg Groepper, representing the Department of Revenue, declared that it is important that this committee realize that there are two bills and they are the result of two years of work by the Revenue Oversight Committee and they each have different areas of support. He offered some proposed amendments to this bill. See Exhibit 2.

Dennis McKnire, representing Burlington-Northern, stated that it is their opinion that this bill is an effort to address all the issues that have arisen over reclassification and they support this bill.

Les Loble, representing Northwest Airlines, Inc., gave a statement in support of this bill. See Exhibit 3.

There were no further proponents.

OPPONENTS: Jim Mockler, representing the Montana Coal Council, gave a statement in opposition. See Exhibit 4.

Karla Gray, representing the Montana Power Company, said that they are in the middle ground and could support it with a couple amendments and she indicated she was authorized to state that the Pacific Power and Light also concur in their position on this bill. She said that their opposition was to the increase in the tax rate and the change in the market value.

Gary Langley, Director of the Montana Mining Association, stated that they oppose this bill for the same reasons as set out by Mr. Mockler.

Gene Fenderson, representing the Laborers' Local 254, told the committee that they feel that this bill goes in the right direction, but the problem they have with it is tying commercial and residential property together.

Ben Havdahl, representing the Montana Motor Carriers' Association, offered testimony in opposition to this bill. See Exhibit 5.

Phil Campbell, representing the Montana Education Association, stated that they testified in favor of SB 48, and they are not standing in opposition to the additional revenue as it has a considerable positive effect on the school foundation program, but they have some concern about the separation of residential and commercial property.

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Don Judge, representing the Montana State AFL-CIO, stated that he was not certain that they should oppose this bill, but they are opposed to the section of the bill where it ties commercial property into residential property and they feel that it is an unfair burden to tie the two together.

Don Allen, representing the Montana Wood Products Association, said that the timber industry is being taxed at high valuations now and they need to define what commercial timberland is. He indicated their biggest concern was leaving timber in a class by itself and he thought this would have repercussions across the country.

Dal Smilie, representing himself, gave testimony in opposition to this bill. See Exhibit 6.

Tom Ryan, representing the Montana Senior Citizens' Association, indicated that they were people on fixed incomes and they do not like to see residential and commercial property included in the same classification.

Sam Ryan, representing the Montana Senior Citizens' Association, stated that they oppose this bill, particularly those who own residential property.

Richard Clark, a retail motorcycle dealer in the state of Montana, noted that they were in a declining market and the .7% increase in this bill would not generate any appreciable income for the state of Montana.

There were no further opponents.

QUESTIONS ON HOUSE BILL 240: Representative Asay asked why they are going back to the method of using replacement value, which is not reflective of a particular piece of property for taxing.

Mr. Groepper replied that in Montana, it is required that property be valued at market value and every year the airlines and the railroad value at that market value and there are provisions within the property tax classification system that reads "Other commercial property different than" and these manuals say "wholesale" instead of "retail"

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and when you get to federal court, the judge doesn't always care what the opinion of the legislature is necessarily, they just read the law on its face.

Representative Asay asked the reasoning on tying commercial and residential together.

Mr. Groepper responded that as he understands the law right now, you are suppose to look at other properties in that class and to make an argument before the state tax appeal board to the effect that your property is not treated the same as other property in that class, so what has happend in the cases in Great Falls that are going on right now - the commercial taxpayer will go out and get an appraisal of his property and then he looks to other residential property and gathers evidence to show that the assessed value of the residential property is further away from the selling price of residential property than is his assessed value to his appraised value. He indicated that that taxpayer is arguing that his assessed value should be the same percentage of my selling price or market value as the residential property. He suggested that the committee should make sure that they treat those properties exactly the same if they are going to keep them in the same class and he is afraid that if they have to defend these appeals and they are in the same class, this bill without those amendments makes it difficult.

Representative Cohen asked how Representative Ramirez would feel about separating commercial property, being commercial property has a higher productive value.

Representative Ramirez responded that he would oppose that and the question of appraising the property on productive value rather than on market value is an entirely different issue.

Representative Raney asked if this bill came out of the 4R act.

Representative Ramirez answered that that was one of the factors but there was more consideration than just this act.

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Representative Raney asked how they taxed railroads previously and how they would be taxed if this bill went into effect.

Representative Ramirez replied that how they taxed them previously is basically the problem - how this market value was determined - the question is whether that is equal in treatment as far as other commercial and industrial property is concerned and this bill, and SB 48, tries to address that problem by making it equal and this bill does it by defining commercial property and SB 48 does it by taking all commercial property and pulling it out and adjusting the railroad property so it is equal. He continued that this bill does the same thing except for the commercial real property in that class - it pulls that out and makes the same adjustment.

Representative Raney asked where the railroads would fit under the proposed bill.

Mr. Groepper responded that the bill does not contemplate changing the method they are using, but arriving at the value.

Representative Ream asked what would happen if they separate timber land from agriculture land.

Mr. Groepper replied that you have to take into consideration SB 33 and the department had an interim advisory committee on ag land classification and there was an interim study commission initiated by the legislature and the results of those studies recommended to the Revenue Oversight Committee that they supported unanimously to freeze the agricultural land valuation for this coming appraisal cycle with the understanding that the tax rate would stay the same. He continued that the reason to separate commercial timber from agricultural land is that agricultural land is valued as of 1963 and commercial timber land is valued on a five-year average in 1967 and 1971. He indicated that they would be revalued every five years. He said that they worked with the timber people and came up with a method that they thought was fair with the understanding that the value tax that timber paid would be addressed by the legislature but that separation is necessary because they have two different time periods.

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Representative Sands asked if the immediate effect of this bill is to shift the burden from residential and agriculture to commercial.

Representative Ramirez responded that is not the purpose of this bill and he did not think that was the effect and this is not a change, but it is to maintain the existing law and it does not change anything as far as agriculture is concerned. He stated that they have to define commercial property in order to meet the requirements of the 4R act.

Representative Sands stated that he was talking about the practical and real changes that would be made and the Montana Power Company and the coal companies indicated there would be a tax increase and he asked if there would be a tax shift or a tax increase.

Representative Rameriz replied that he would say, "Yes - he didn't like this bill either." He indicated that as far as a shift from residential, if you have an increase on some commercial taxpayers, then there is an inherent shift in there.

Representative Sands asked if that was his purpose.

Representative Ramirez replied that it was not and he felt like the fellow on death row - a choice between hanging and lethal injection - which one is the lesser of two evils. He indicated that he did not like SB 48, as he wanted to at least not separate commercial and residential.

Representative Keenan asked if this would in any way solve the 34% problems.

Representative Ramirez replied that it would in the future - if you don't adopt those amendments, you will continue to have those problems and if you adopt SB 48, you won't have that problem.

Representative Keenan asked why he was so intent on keeping residential and commercial together.

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Representative Ramirez answered that the testimony that they heard should tell why he is so and the argument will be made that the residential taxpayer is paying too much and will be given some tax breaks and it will be that much easier to do if you have residential property in a separate class and in that concept, you will continue to shift more and more burden to the commercial taxpayer. He continued, by keeping the two in one class, serves as a brake on tax increase overall and, therefore, minimizes the shifting of that burden to the commercial property taxpayer. He stated that Montana has already a high property tax and a poor business climate and if they continue to do that, this will make the tax structure of this state less attractive to the business community.

There were no further questions.

Representative Ramirez said that when he compares HB 240 and SB 48, he would rather have HB 240, but that does not mean that he likes HB 240 and he would really rather have HB 250.

The hearing on this bill was closed.

CONSIDERATION OF HOUSE BILL 250: Representative Ramirez said that they do not have to have the reclassification in order to deal with the federal problem - they can do that administratively. He indicated that there is an administrative calculation of what is fair, this would leave the property tax classification alone and he personally believed that this is the way to go.

PROPOSERS: Ben Havdahl, representing the Montana Motor Carriers' Association, gave testimony in support of this bill. See Exhibit 7.

Dennis Burr, representing the Montana Taxpayers' Association, stated that he thought this was the legislation that would deal with most problems and he offered two suggestions for amendments. See Exhibit 7-A.

Karla Gray, representing the Montana Power Company, offered testimony in support of this bill. See Exhibit 8.

Dennis McKnire, representing Burlington-Northern, said that he was not sure if they were an opponent or a proponent, and he suggested an amendment in section 3, page 7, line 25, by inserting "personal" between "commercial" and "property".

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Les Loble, representing the Northwest Airlines, gave a statement in support of this bill. See Exhibit 9.

There were no further proponents.

OPPONENTS: Don Judge, representing the Montana AFL-CIO, stated that they have the same objections to this bill as they had to HB 240 and they are not asking that they shift the burden, they simply ask that they stop the erosion of the tax base on the industrial and commercial property, which is shifting the burden to the residential taxpayer.

Terry Minow, representing the Montana Federation of Teachers, stated that they oppose this bill and HB 240 and they feel that SB 48 is much more equitable.

Gregg Groepper, representing the Department of Revenue, stated that this bill has the same defect as HB 240 and would offer the same amendment and he felt that this would expand the 34% type of cases because of unequal treatment. He stated that he did not think this was a good bill, it would require additional staff and he can see a lot of problems with this if it were to pass.

There were no further opponents.

QUESTIONS ON HOUSE BILL 250: In answer to a question by Representative Koehnke, Mr. Judge explained that the rates that they have listed in the last ten years include business inventory tax, the bank stock and bank surplus tax, the reduction in the rates of the personal property tax, the reduction of the windfall profits tax and the net proceeds tax and utilization of the 4Rs act.

Chairman Devlin noted that he mentioned a certain dollar figure and asked how many years this was over.

Mr. Judge responded about ten years.

Chairman Devlin asked if the property he was including in there include part of the workings at Butte and Anaconda - the smelter, part of which has been torn down - would that be part of the reduction.

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Mr. Judge responded that he was not certain but he would check it out.

Representative Williams asked Mr. McKnire if he thought the amendments he proposed would keep them out of court and the administration problems would be less so that it could be handled without increased cost to the Department of Revenue.

Mr. McKnire answered that he thought the proposed amendment as far as railroad property is concerned, would achieve the desired equalization.

Representative Williams asked if he thought this was a feasible approach to solving this problem considering the manpower needed to properly appraise all these properties.

M. McKnire replied that he was not sure and this would be quite a task and that is where they have doubts as to if the bill will work.

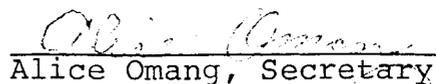
There were no further questions.

Representative Ramirez stated that he was disturbed at how this bill has been distorted and he does not think that this bill does the things that have been suggested. He felt that this was a reasonable alternative and it can be made workable if the department wants to make it workable and they obviously prefer the other bill and that is their prerogative.

The hearing on this bill was closed.

ADJOURNMENT: There being no further business, the meeting adjourned at 11:00 a.m.

  
GERRY DEVLIN, Chairman

  
Alice Omang, Secretary

DAILY ROLL CALL

HOUSE TAXATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date February 1, 1985

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, GERRY, Chrm.	X		
WILLIAMS, MEL, V. Chrm.	X		
ABRAMS, HUGH	X		
ASAY, TOM	X		
COHEN, BEN	X		
ELLISON, ORVAL		X	
GILBERT, BOB	X		
HANSON, MARIAN	X		
HARRINGTON, DAN	X		
HARP, JOHN	X		
IVERSON, DENNIS		X	
KEENAN, NANCY	X		
KOEHNKE, FRANCIS	X		
PATTERSON, JOHN	X		
RANEY, BOB	X		
REAM, BOB	X		
SANDS, JACK	X		
SCHYE, TED	X		
SWITZER, DEAN	X		
ZABROCKI, CARL	X		

1984 ADJUSTED PER HB 240

TAXABLE

CLASS PERCENTAGE TYPE OF PROPERTY

I 100% Net Proceeds of all Mines and Mining Claims Except Coal and Metal Mines.

II 3% Gross Proceeds of Metal Mines

33 1/3% Gross Proceeds of Underground Coal Mines

45% Gross Proceeds of Coal Mines Using the Strip-Mining Method

III 30% All Agriculture Land

IV 8.55% All land, including, for farm homes, 1 acre of agricultural land at market value, except that specifically included in another class;

8.55% All improvements except those specifically included in another class;

8.55% A trailer or mobile home used as a residence except when:

- (i) held by a distributor or dealer of trailers of or mobile homes as his stock in trade; or
- (ii) specifically included in another class;

Varies from 0% to 7.695% Depending on the Adjusted Gross Income

So much of the market value of any improvement on real property, or mobile home and the appurtenant land not exceeding 5 acres, as does not exceed \$35,000, when such dwelling and land are owned under contract for deed, by certain widows, retired, disabled and other persons whose adjusted gross income as reported on their latest federal income tax return, is not more than \$8,000 if single or \$10,000 if married.

8.55% All Golf Courses, including land and improvements actually and necessarily used for that purpose, that:

- (1) Consist of at least 9 holes and not less than 3,000 lineal yards; and
- (2) were used as Golf Courses January 1, 1979 and owned by a nonprofit Montana Corporation.

EXHIBIT 1  
HB 240  
2/1/85  
Ramirez

## 1984 ADJUSTED PER HB 240

CLASS	TAXABLE PERCENTAGE	TYPE OF PROPERTY
V	3%	All property used and owned by Cooperative Rural Electrical and Cooperative Rural Telephone Associations organized under the laws of Montana, except property owned by Cooperative organizations, described in subsection (1)(c) of 15-6-137 (Class VII).
	3%	Air and Water Pollution Control Equipment
	3%	Property that meets the requirements for "New Industry"
	3%	Any Personal or Real Property used primarily in the production of gasohol during construction and for the first 3 years of its operation.
VI	4%	Livestock and poultry and the unprocessed products of both;
	4%	All unprocessed agricultural products on the farm or in storage except all perishable fruits and vegetables in farm storage and owned by the producer;
	4%	Items of personal property intended for lease in the ordinary course of business provided each item of personal property satisfies all of the following: (i) the full and true value if the personal property is less than \$5,000; (ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis.
VII	11.1%	All property used for noncommercial purposes which is not real property or an improvement to real property and which is not in another class or exempt from taxation under Title 15, Chapter 6, Part 2; and
	11.1%	All agricultural machinery and equipment used in a bona fide farm, ranch, or stock operation.

TAXABLE

CLASS PERCENTAGE TYPE OF PROPERTY

VIII	30%	All commercial timberland.
IX	11.7%	Buses and trucks having a rated capacity of more than three-quarters of a ton but less than or equal to 1 1/2 tons;
	11.7%	Truck toppers weighing more than 300 pounds;
	11.7%	Furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;
	11.7%	X-ray and medical and dental equipment;
	11.7%	Citizens' band radios and mobile telephones
	11.7%	All mining machinery, fixtures, equipment, tools, and supplies except those included in class five;
	11.7%	All manufacturing machinery, fixtures, equipment, tools, and supplies except those included in class five;
	11.7%	All trailers up to and including 18,000 pounds maximum gross loaded weight, except those subject to a fee in lieu of property tax;
	11.7%	All goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class;
	11.7%	All other machinery except that specifically included in another class;
	11.7%	Radio and television broadcasting and transmitting equipment;
	11.7%	Cable television systems;
	11.7%	Coal and ore haulers;
	11.7%	All trailers exceeding 18,000 pounds maximum gross loaded weight, including those prorated under 15-24-102 and except those subject to a fee in lieu of property tax;
	11.7%	Theater projectors and sound equipment;

## 1984 ADJUSTED PER HB 240

## TAXABLE

## CLASS PERCENTAGE TYPE OF PROPERTY

- 11.7% Electric transformers and meters; electric light and power substation machinery; natural gas measuring and regulating station equipment, meters, and compressor station machinery owned by noncentrally assessed public utilities; and tools used in the repair and maintenance of this property;
- 11.7% Tools, implements, and machinery used to repair and maintain machinery not used for manufacturing and mining purposes; and
- 11.7% All other property not included in any other class except that property subject to a fee in lieu of a property tax.

NOTE: "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or service wholesale, retail, or food-handling business

X Tax Rate All railroad transportation property; and (11.2063%)  
Derived From  
Formula

Tax Rate All airline transportation property. (11.2063%)  
Derived From  
Formula

- XI 12.8% Centrally assessed electric power companies' allocations;
- 12.8% Allocations for centrally assessed natural gas companies having a major distribution system in this state; and
- 12.8% Centrally assessed companies' allocations except:  
(i) electric power and natural gas companies' property;  
(ii) property owned by cooperative rural electric and cooperative rural telephone associations and classified in class five; and  
(iii) property owned by organizations providing telephone communications to rural areas and classified in class nine; and  
(iv) Airline and railroad transportation property included in class ten;

CLASS  
PERCENTAGE  
TYPE OF PROPERTY

- XI 12.8% All property used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or less; and
- 12.8% All property owned by cooperative rural electrical and cooperative rural telephone associations that serve less than 95% of the electricity consumers or telephone users within the incorporated limits of a city or town where the average circuit miles for each station on the telephone communication system is more than 1 mile.

AMENDMENTS TO HB 240

(1) 15-1-101, MCA, definitions. Section (1)

Following: "Subsection (1):

Insert: "(m) The term "comparable property" is defined as:

- (i) those properties that have similar utility, similar use, similar function, and are of a similar type as a given subject property, and
- (ii) the comparable properties must be influenced by the same set of economic trends, and physical, economic, governmental, and social factors as the subject property, and
- (iii) the comparable properties must have the potential of a similar, if not identical, highest and best use as the subject property.
- (iv) by definition commercial property shall be compared only to commercial property. Residential property shall be compared only to residential property.

(2) Page 28, line 4.

Following "property."

Insert: "(8) Taxpayers who elect to appeal or to judicially contest the value of their property, as defined in this part, shall be required to make:

(1) Valid comparisons using "similar and comparable properties", and/or

(2) Legal arguments regarding the specific Department of Revenue appraisal methodology used to value the contested property.

The tax appeal boards and the courts of the state may not accept, as evidence, any other methods of proof in contested ad valorem tax controversies."

Exhibit 1-A  
 248  
 2188  
 Kammer

1984 TAX CLASSIFICATION

CLASS	TAXABLE PERCENTAGE	TYPE OF PROPERTY	CHANGES
I	100%	Net Proceeds of all Mines and Mining Claims Except Coal and Metal Mines	No Change
II	3%	Gross Proceeds of Metal Mines	No Change
	33 1/3%	Gross Proceeds of Underground Coal mines	" "
	45%	Gross Proceeds of Coal Mines Using the Strip-Mining Method	" "
III	30%	All Agriculture Land	No Change
	30%	Commercial Timber Land	Moves to Class XIII (30%)
IV	8.55%	All Land Except that Specifically Included in Another Class	No Change
	8.55%	All Improvements Except those Specifically Included in Another Class	" "
	Varies from 0% to 7.695% Depending on the Adjusted Gross Income	So much of the market value of any improvement on real property, as does not exceed \$35,000, when such dwelling and land are owned under contract for deed, by certain widows, retired, disabled and other persons whose adjusted gross income as reported on their latest federal income tax return, is not more than \$8,000 if single or \$10,000 if married.	No Change
	4.275%	All Golf Courses, including land and improvements actually and necessarily used for that purpose, that: (1) Consist of at least 9 holes and not less than 3,000 lineal yards; and (2) were used as Golf Courses January 1, 1979 and owned by a nonprofit Montana Corporation.	" "
V	3%	All property used and owned by Cooperative Rural Electrical and Cooperative Rural Telephone Associations organized under the laws of Montana, except property owned by Cooperative organizations, described in subsection (1)(c) of 15-6-137 (Class VII).	No Change
	3%	Air and Water Pollution Control Equipment	" "
V	3%	Property that meets the requirements for "New Industry"	No Change

CLASS	TAXABLE PERCENTAGE	TYPE OF PROPERTY	CHANGES
	3%	Any Personal and Real Property used primarily in the production of gasohol during construction and for the first 3 years of its operation.	" "
VI	4%	Livestock and poultry and the unprocessed products of both;	No Change
	4%	All unprocessed agricultural products on the farm or in storage except all perishable fruits and vegetables in farm storage and owned by the producer;	" "
	4%	Items of personal property intended for lease in the ordinary course of business provided each item of personal property satisfies all of the following: (i) the full and true value if the personal property is less than \$5,000; (ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis.	" "
VII	8%	All property used and owned by persons, firms, corporations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or less;	Moves to Class XI (12.8%)
	8%	All property owned by cooperative rural electric and cooperative rural telephone associations that serve less than 95% of the electricity consumers or telephone users within the incorporated limits of a city or town;	Moves to Class XI (12.8%)
	8%	Electric transformers and meters; electric light and power substation machinery; natural gas measuring and regulating station equipment, meters, and compressor station machinery owned by noncentrally assessed public utilities; and tools used in the repair and maintenance of this property; and	Moves to Class IX (11.7%)

TAXABLE

CLASS PERCENTAGE TYPE OF PROPERTY

CHANGES

CLASS	PERCENTAGE	TYPE OF PROPERTY	CHANGES
VII	8%	Tools, implements, and machinery used to repair and maintain machinery not used for manufacturing and mining purposes.	Moves to Class IX (11.7%)
VIII	11%	All agricultural implements and equipment;	Moves to class VII (11.1%)
	11%	All mining machinery, fixtures, equipment, tools, and supplies except: (i) those included in class five; and (ii) coal and ore haulers;	If commercial - Class IX (11.7%) or If noncommercial - Class VII (11.1%)
	11%	All manufacturing machinery, fixtures, equipment, tools, and supplies except those included in class five;	" " "
	11%	Motorcycles;	" " "
	11%	Watercraft;	" " "
	11%	All trailers up to and including 18,000 pounds maximum gross loaded weight, except those subject to a fee in lieu of property tax;	" " "
	11%	Aircraft;	" " "
	11%	All-terrain vehicles;	" " "
	11%	Harness, saddlery, and other tack equipment;	" " "
	11%	All goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class; and	" " "
	11%	All other machinery except that specifically included in another class.	" " "
IX	13%	Buses and trucks having a rated capacity of more than three quarters of a ton but less than or equal to 1 1/2 tons;	If commercial - Class IX (11.7%) or If noncommercial - Class VII (11.1%)
	13%	Truck toppers weighing more than 300 pounds;	If used in a Bona Fide Farm/Ranch or Stock Operation move to Class VII (11.1%)
	13%	Furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;	
	13%	X-ray and medical and dental equipment; and	" " "

1984 TAX CLASSIFICATION

CLASS	TAXABLE PERCENTAGE	TYPE OF PROPERTY	CHANGES
	13%	Citizens' band radios and mobile telephones.	" " "
X	16%	Radio and television broadcasting and transmitting equipment;	If Commercial move to Class IX (11.7%)
	16%	Cable television systems;	If Noncommercial move to Class VII (11.1%)
	16%	Coal and ore haulers;	If used in a Bona Fide Farm/Ranch or Stock Operation move to Class VII (11.1%)
	16%	Trucks having a rated capacity of more than 1 1/2 tons, including those prorated under 15-24-102;	" " "
	16%	All trailers exceeding 18,000 pounds maximum gross loaded weight, including those prorated under 15-24-102 and except those subject to a fee in lieu of property tax;	" " "
	16%	Theater projectors and sound equipment; and	" " "
	16%	All other property not included in the preceding nine classes except that property subject to a fee in lieu of a property tax.	" " "
XI	12%	Centrally assessed electric power companies' allocations;	Move to Class XI (12.8%)
	12%	Allocations for centrally assessed natural gas companies having a major distribution system in this state; and	Move to Class XI (12.8%)
	15%	Centrally assessed railroads, telecommunications, pipelines, and airlines.	Move Centrally Assessed Railroads and Airlines to Class X - Tax Rate Derived from Formula
XII	8.55%	A trailer or mobile home used as a residence giving the same elderly benefits afforded in class IV.	Move to Class IV (8.55%)

Exhibit 2  
2/1/25  
HB 240  
Groeppeh

AMENDMENTS TO HB 240

- (1) 15-1-101, MCA, definitions. Section (1)  
Following: "Subsection (1):  
Insert: "(n) The term "comparable property" is defined as:
- (i) those properties that have similar utility, similar use, similar function, and are of a similar type as a given subject property, and
  - (ii) the comparable properties must be influenced by the same set of economic trends, and physical, economic, governmental, and social factors as the subject property, and
  - (iii) the comparable properties must have the potential of a similar, if not identical, highest and best use as the subject property.
  - (iv) by definition commercial property shall be compared only to commercial property. Residential property shall be compared only to residential property.
- (2) Page 28, line 4.  
Following "property."  
Insert: "(8) Taxpayers who elect to appeal or to judicially contest the value of their property, as defined in this part, shall be required to make:
- (1) Valid comparisons using "similar and comparable properties", and/or
  - (2) Legal arguments regarding the specific Department of Revenue appraisal methodology used to value the contested property.
- The tax appeal boards and the courts of the state may not accept, as evidence, any other methods of proof in contested ad valorem tax controversies."

Exhibit 3  
HB 240  
2/1/85  
Loble

WITNESS STATEMENT

Name LES LOBLE House Committee On TAXATION  
Address POD 176 Helena Date 2/1/85  
Representing Northwest Airlines Inc Support ✓  
Bill No. HB 240 Oppose \_\_\_\_\_  
Amend ✓

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Generally support the bill as proposed. Commercial and Residential real property should be in same class.
2. Support deletion of lines 10-18, p26. When valuing fleets of airlines the value of an individual plane, such as a 747, may not be used to value entire fleet by simple multiplication. If this method were accurate then Braniff Airline Stock would be worth \$18.75 a share rather than zero — because that is the "value" of its fleet according to appraisal guides.
3. Replacement cost less depreciation presents the same inflation of value.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

Exhibit 4  
2/1/85  
HB 240  
Mockler

Testimony on HB 240  
House Taxation  
February 1, 1985

Mr. Chairman, members of the Committee, I am James D. Mockler, Executive Director of the Montana Coal Council, and I appear today in opposition to HB 240.

A similar bill was heard in the Senate with the proponents claiming that the bill has little fiscal impact and that the purpose is to tax like property in a like manner. In spite of a supportive and incorrect fiscal note both allegations are grossly misstated.

First, the fiscal impact.

Section 13 on page 26 of the bill mandates that "the market value of all commercial property other than real property and improvements is the average retail value shown in one or more national appraisal guides . . ." The difference between wholesale and resale value for heavy equipment and machinery including trucks is in excess of 40%. In addition, this particular class of property in Class Nine in HB 240 has a rate increase from 11% of value to 11.7% of value.

Using published data from the "Report of the Department of Revenue -- July 1980 to July 1982", page 64, I note that the class listed as "Manufacturing, Mining & Drilling Mach. (11%)" lists a market value of \$843,216,243. Following is the estimated effect of HB 240 on that class alone.

1982 Market Value	\$843,216,243	
1982 Taxable Value	92,753,789	(11%)
W/HB 240 Market Value	1,180,502,400	(+40%)
W/HB 240 Taxable Value	138,118,780	(11.7%)
Taxable Value Increase	45,365,000	
Tax Increase Assuming 200 Mill Levy	9,073,000	

While it is true that coal and ore haulers would be changed from a taxable value of 16% to 11.7% virtually all the difference is taken up by the increase in value from wholesale to retail and one 100-yard dragline equals a sizeable fleet of coal haulers.

Section (d) on page 26 states "For real property and improvements, in the absence of contradictory market data information, market value is considered to be replacement cost depreciated.

For the sake of demonstration let us assume that a major piece of mining equipment was installed in 1967 for 2 million dollars and was depreciated to 50% of its original cost.

Original Cost	\$2,000,000
Depreciated Value (50%)	1,000,000
Taxable Value at 11%	110,000
Tax @ 200 Mills	22,000

Using the August 1984 Producer Price Index of 377.8, that same piece of equipment under HB 240 would be taxed as follows:

Replacement Cost	\$7,556,000
Depreciated Value (50%)	3,778,000
Taxable Value @ 11.7%	442,026
Tax @ 200 Mills	88,405.20
<u>Increased Tax</u> <u>or 409%</u>	<u>66,405.20</u>

All of this is in direct conflict with section (2)(a) on page 25 which states "Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts." A piece of equipment in the field simply is not worth what it is after a dealer has reworked it and placed it on the market.

As for like property being treated in like manner, I ask you to note that agricultural tools, machinery and equipment under HB 240 is declared a "non-commercial property", taxed at wholesale values and at a lower rate (p. 14). Is this not to say that a tractor or truck used for agriculture is somewhat different than the same tractor or truck used somewhere else? I have farmed and ranched most of my life and although profits were few and far between I was in the business to make a profit just like any other businessman.

How would the court construe this discrepancy assuming that a reason for this bill is to treat like property in a like manner?

I understand that Rep. Ramirez has another bill to address the problems of assessing railroads and other similar properties in HB 250. I urge you to recommend a do not pass on HB 240 and to proceed to correct the problem by addressing HB 250.

Table 2. Producer price indexes and percent changes for selected commodity groupings by stage of processing—Continued

(1967 = 100 unless otherwise indicated)

Grouping	Commodity code	Relative importance Dec. 1983 <sup>1</sup>	Unadjusted index		Unadjusted percent change to Sep. 1984 from:		Seasonally adjusted percent change from:		
			Aug. 1984 <sup>2</sup>	Sep. 1984 <sup>2</sup>	Sep. 1983	Aug. 1984	June to July	July to Aug.	Aug. to Sep.
<b>Finished consumer goods excluding foods—Continued</b>									
Jewelry, platinum & karat gold (Dec. 1978 = 100) <sup>3</sup>	15-94-02	0.892	178.6	177.3	-5.9	-0.7	-1.3	0.2	-0.7
Other precious metal jewelry (Dec. 1978 = 100) <sup>3</sup>	15-94-03	.215	167.8	167.8	1.5	0	0	0	0
Costume jewelry (Dec. 1978 = 100) <sup>3</sup>	15-94-04	.377	143.5	129.5	5.8	-8.8	5.5	7.0	-8.8
<b>Capital equipment</b>		<b>22.185</b>	<b>295.1</b>	<b>292.9</b>	<b>2.7</b>	<b>-7</b>	<b>.2</b>	<b>.3</b>	<b>0</b>
Agricultural machinery and equipment	11-1	1.388	337.6	337.9	2.9	.1	.3	.2	-.2
Construction machinery and equipment <sup>3</sup>	11-2	1.471	358.6	359.0	1.6	.1	0	.1	.1
Industrial process furnaces and ovens <sup>3</sup>	11-34	.150	376.0	375.5	3.3	-1	0	.4	-.1
Metal cutting machine tools	11-37	.406	385.1	388.8	2.7	.4	.5	.5	.3
Metal forming machine tools	11-38	.220	425.1	425.7	2.5	.1	-.2	.2	.3
Pumps, compressors, and equipment	11-41	.462	348.1	349.6	1.0	.4	.1	-.2	.7
Industrial material handling equipment <sup>3</sup>	11-44	.754	290.3	290.6	1.9	.1	.1	.4	.1
Fans and blowers except portable <sup>3</sup>	11-47	.129	351.4	351.6	4.1	.1	.2	.1	.1
Food products machinery	11-61	.131	317.2	317.2	-.7	0	-.5	.3	-.1
Textile machinery	11-62	.270	268.3	267.7	1.4	-.2	-.9	.8	.3
Woodworking machinery <sup>3</sup>	11-63	.123	295.7	295.7	.1	0	.5	0	0
Printing trades machinery <sup>3</sup>	11-65	.252	318.5	318.5	2.5	0	-.6	2.7	0
Rubber working machinery (Dec. 1981 = 100) <sup>3</sup>	11-66-01	.121	109.5	109.5	.5	0	0	.2	0
Plastics machinery (Dec. 1981 = 100) <sup>3</sup>	11-66-03	.176	123.9	113.9	6.4	-8.1	12.1	-.5	-8.1
Chemical industry machinery <sup>3</sup>	11-68-04	.099	442.0	442.0	1.6	0	1.2	-1.0	0
Service industry machinery (June 1982 = 100) <sup>3</sup>	11-68	.206	109.3	109.6	3.5	.3	.2	.1	.3
Integrating and measuring instruments	11-72	.200	229.2	230.2	3.9	.4	0	-.3	.6
Transformers and power regulators <sup>3</sup>	11-74	.497	228.0	228.5	1.6	.2	.2	0	.2
Oil field and gas field machinery <sup>3</sup>	11-91	.180	426.1	426.3	.2	0	-.8	.3	0
Mining machinery and equipment	11-92	.154	377.8	375.9	2.5	-.5	-.7	.6	-.3
Office and store machines and equipment <sup>3</sup>	11-93	1.292	154.1	154.2	-.1	.1	-.1	-.1	.1
Commercial furniture <sup>3</sup>	12-2	.913	298.4	298.5	3.9	0	.3	.2	0
Passenger cars	14-11-01	2.367	221.3	211.0	1.5	-4.7	.2	.1	-.4
Light motor trucks	14-11-05	1.302	281.7	267.8	4.9	-4.9	.4	.9	.5
Heavy motor trucks	14-11-06	1.114	334.7	331.5	10.1	-1.0	.3	-.4	-.8
Truck trailers (June 1980 = 100) <sup>3</sup>	14-14	.283	113.2	113.8	4.5	.5	1.0	-.3	.5
Fixed wing, utility aircraft (Dec. 1968 = 100)	14-21-11	1.112	351.7	357.4	6.1	1.6	1.0	.4	0
Railroad equipment	14-4	.484	384.6	384.6	4.0	0	.1	.2	.2
Photographic equipment	15-41	.146	-	116.5	-11.0	( <sup>4</sup> )	1.2	( <sup>4</sup> )	( <sup>4</sup> )
<b>Intermediate materials, supplies, and components</b>		<b>100.000</b>	<b>321.1</b>	<b>320.3</b>	<b>1.5</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-.1</b>
<b>Intermediate foods and feeds</b>		<b>5.222</b>	<b>251.7</b>	<b>248.0</b>	<b>-5.8</b>	<b>-1.5</b>	<b>-1.7</b>	<b>-1.1</b>	<b>-1.6</b>
Flour	02-12-03	.235	183.4	182.8	-3.7	-.3	-.6	-2.3	-1.4
Refined sugar (Dec. 1977 = 100) <sup>3</sup>	02-53	.630	174.3	172.8	-1.3	-.9	.1	-.1	-.9
Confectionery materials (Dec. 1977 = 100) <sup>3</sup>	02-54	.239	158.7	156.3	-.6	-1.5	2.6	-.8	-1.5
Animal fats and oils	02-71	.065	386.5	382.2	9.0	-1.1	-6.6	-4.9	-3.4
Crude vegetable oils	02-72	.204	267.9	248.8	-15.3	-7.1	-13.7	-.1	-8.3
Prepared animal feeds	02-9	1.637	214.0	209.0	-16.2	-2.3	-2.8	3.0	-3.8
<b>Intermediate materials less foods and feeds</b>		<b>94.778</b>	<b>326.3</b>	<b>325.7</b>	<b>1.9</b>	<b>-2</b>	<b>-.1</b>	<b>-.1</b>	<b>0</b>
Synthetic fibers (Dec. 1975 = 100)	03-1	.760	159.9	159.2	.8	-.4	-.3	-.4	-.4
Processed yarns and threads (Dec. 1975 = 100)	03-2	.921	142.1	142.2	1.4	.1	.6	-1.5	.1
Gray fabrics (Dec. 1975 = 100)	03-3	1.093	154.4	154.5	4.9	.1	-.2	-.1	0
Finished fabrics (Dec. 1975 = 100)	03-4	1.512	127.3	127.0	2.9	-.2	.4	-.7	.1
<b>Leather</b>	<b>04-2</b>	<b>.234</b>	<b>379.7</b>	<b>372.6</b>	<b>9.8</b>	<b>-1.9</b>	<b>.6</b>	<b>-.9</b>	<b>-1.9</b>
Coke oven products <sup>3</sup>	05-2	.165	437.3	435.4	-.4	-.4	0	-1.0	-.4
Liquefied petroleum gas <sup>3</sup>	05-32	.699	614.8	631.2	-11.7	2.7	-1.9	-3.0	2.7
Electric power	05-4	5.414	457.1	456.8	6.8	-.1	.7	1.0	0
Gasoline	05-71	2.639	555.1	550.4	-11.2	-.8	-3.1	-4.2	-.5
Kerosene (Feb. 1973 = 100)	05-72-02-01	.179	690.8	678.0	-.4	-1.9	-.9	-2.8	-.6
Commercial jet fuel (Feb. 1973 = 100) <sup>3</sup>	05-72-03-01	1.172	722.7	715.7	-2.9	-1.0	-.3	-.8	-1.0
Diesel fuel (Feb. 1973 = 100) <sup>3</sup>	05-73-03-01	1.303	674.6	658.8	-5.2	-2.3	.9	-3.3	-2.3
Residual fuel	05-74	2.171	1152.9	1119.4	1.8	-2.9	1.4	-1.6	.4
Lubricating oil materials <sup>3</sup>	05-75	.639	797.3	794.5	2.4	-.4	0	0	-.4
<b>Industrial chemicals</b>	<b>06-1</b>	<b>4.089</b>	<b>341.7</b>	<b>338.1</b>	<b>-2.2</b>	<b>-1.1</b>	<b>.1</b>	<b>-1.2</b>	<b>-.6</b>
Prepared paint <sup>3</sup>	06-21	.688	276.4	277.4	4.9	.4	1.2	.8	.4
Paint materials	06-22	.451	335.1	333.5	5.5	-.5	-.9	-.1	-.6
Medicinal and botanical chemicals <sup>3</sup>	06-31	.231	222.1	221.4	-.9	-.3	0	5.7	-.3
Fats and oils, inedible	06-4	.178	350.5	359.4	9.2	2.5	-2.8	-8.2	-.3
Mixed fertilizers	06-51	.289	297.6	265.0	4.0	-1.0	-.3	.3	-.7
Nitrogenates <sup>3</sup>	06-52-01	.242	207.4	207.8	9.2	.2	0	-.4	.2

See footnotes at end of table.

## STATE TOTALS

REAL PROPERTY — LAND		--1981--		--1982--		
	ACRES	MARKET VALUE	TAXABLE VALUE	ACRES	MARKET VALUE	TAXABLE VALUE
<b>Agricultural Land:</b>						
Irrigated (30%)	1,450,717	46,466,837	13,940,057	1,665,173	50,256,081	15,076,828
Non-Irrigated (30%)	11,697,974	270,337,139	81,101,149	11,852,592	268,941,895	80,682,569
Grazing (30%)	36,749,758	130,676,085	39,202,835	36,522,530	129,504,682	38,851,408
Orchard Land (30%)				6	199,549	59,865
Wild Hay (30%)	1,099,123	18,526,397	5,557,924	1,083,553	18,514,473	5,554,345
Timberland (30%)	3,131,177	21,312,990	6,393,900	3,128,702	21,156,426	6,346,931
<b>Other Land:</b>						
Suburban Tracts (8.55%)	363,969	474,162,896	40,581,481	365,113	458,059,707	39,167,252
(4.275%)	2,354	4,765,839	203,781			
(.855% to 7.695%)				1,785	5,305,080	284,148
Commercial Suburban Tracts (8.55%)				7,767	30,711,046	2,654,890
City and Town Lots (8.55%)		854,275,849	73,040,585		758,999,625	64,894,470
(4.275%)		20,722,980	835,906			
(.855% to 7.695%)					21,516,773	1,132,670
Commercial City and Town Lots (8.55%)					101,665,840	8,692,428
Qualified Golf Courses (4.275%)		1,609,874	69,822		1,306,324	55,846
Industrial Sites (8.55%)	45,400	177,635,698	15,187,845	36,695	172,891,928	14,782,261
New Industrial Sites (3%)	174	392,128	11,765	192	6,284,756	188,544
Reserved Right of Entry (100%)	1,826,990	1,522,118	1,522,118	2,428,272	1,599,711	1,599,711
<b>IMPROVEMENTS</b>						
On Agricultural Land (8.55%)		653,394,095	55,865,194		673,309,665	57,567,977
(4.275%)		3,273,852	139,957			
(.855% to 7.695%)					2,206,957	114,566
On Timberland (8.55%)		4,854,459	415,057		6,346,613	542,635
On Suburban Tracts (8.55%)		943,817,621	80,696,408		891,052,352	76,184,978
(4.275%)		14,705,526	628,661			
(.855% to 7.695%)					14,501,211	734,508
On Commercial Suburban Tracts (8.55%)					121,983,470	10,429,589
On City and Town Lots (8.55%)		2,991,447,614	255,768,773		2,577,214,341	220,351,111
(4.275%)		69,346,629	2,964,567			
(.855% to 7.695%)					56,953,985	3,043,417
On Commercial City/Town Lots (8.55%)					469,226,477	34,988,111
On Qualified Golf Courses (4.275%)		5,647,894	241,448		4,911,864	209,981
On Industrial Sites (8.55%)		812,624,874	69,479,425		638,096,754	54,557,272
On New Industrial Sites (3%)		29,277,267	878,318		32,793,918	983,967
Improve Existing Improvements (1.7% to 6.8%)		1,353,459	64,583		5,278,156	104,241
<b>PERSONAL PROPERTY</b>						
	NUMBER	MARKET VALUE	TAXABLE VALUE	NUMBER	MARKET VALUE	TAXABLE VALUE
Motor Vehicles (11% to 15%)	503,089	1,060,038,692	140,675,409	156,529	246,058,324	34,793,742
Livestock (4%)						
Cattle	1,972,196	785,212,767	31,408,523	2,025,545	734,237,514	29,369,505
Sheep	446,094	17,589,705	703,586	470,611	14,352,544	574,091
Horses	60,642	34,208,576	1,368,343	62,209	34,901,508	1,396,068
Swine	108,856	8,068,786	322,760	100,745	7,323,556	292,946
Other	523,178	4,412,102	176,485	680,285	5,379,777	215,191
Aircraft (11%)	1,515	44,695,436	4,916,503	1,511	43,187,348	4,750,608
Watercraft (11%)	18,472	20,491,036	2,254,019	18,768	17,541,239	1,929,538
Mobile Homes (8.55%)	42,377	231,474,205	19,791,040	39,803	237,668,916	20,320,694
(4.275%)	1,187	5,593,440	239,120			
(.855% to 7.695%)				1,509	5,877,021	308,639
Machinery Other Than Farm, Mining or Manufacturing (11%)		197,431,093	21,717,422		199,629,954	21,959,294
Farm Machinery and Equipment (11%)		685,239,415	75,376,338		647,630,747	71,178,879
Manufacturing, Mining & Drilling Mach (11%)		973,737,183	107,111,093		843,216,243	92,753,789
Furniture and Fixtures (13%)		232,904,367	30,277,569		257,923,139	33,530,012
Agricultural Products in Storage (4%)		143,212,851	5,728,513		124,775,201	4,991,008
Business Inventories (4%)		838,868,327	33,554,738		968,846,815	38,753,870
New Industrial Property (3%)		74,043,047	2,221,291		96,466,995	2,894,011
Air/Water Pollution Control Facilities (3%)		151,787,511	4,553,626		112,261,397	3,367,842
Other Personal Property (3% to 16%)		193,774,554	23,321,833		175,845,677	20,819,139
INTRA COUNTY UTILITIES		10,209,189	1,402,942		4,474,315	630,268
INTRA COUNTY COOPERATIVES		15,344,992	465,481		15,947,491	478,431
DEPARTMENT ALLOCATIONS		1,794,413,375	220,792,280		2,663,226,876	327,130,161
NET PROCEEDS AND ROYALTIES		440,131,129	440,131,129		619,142,414	619,142,414
GROSS PROCEEDS		356,938,954	107,290,138		396,320,538	133,021,119
TOTAL VALUE		15,871,971,762	2,029,630,749		15,952,469,293	2,264,492,111

Exhibit 5  
2/1/85  
HB 240

WITNESS STATEMENT

Name Ben Hardon Committee On TAXATION  
Address Box 1714 Heland MI 49624 Date 2/1/85  
Representing Michigan Motor Carriers Assn Support \_\_\_\_\_  
Bill No. HB 240 Oppose X  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. MMCA (Michigan Motor Carriers Assn) represents the regulated motor carriers in the state both on an intrastate and interstate basis.
2. MMCA is opposed to changing the market value of commercial personal property from the wholesale value to the retail value. This will result in an increase <sup>in taxes</sup> on motor carrier "rolling stock" i.e. trucks/tractors and trailers over 15,000#. By about 35%.
3. Present wholesale value is determined to be ~~75%~~ 80% of the retail value state in the Truck Blue Book.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

Exhibit 6  
2/1/85  
HB 240  
Smilie

TO: House Taxation Committee  
FROM: Dal Smilie  
RE: HB-240

HB-240 will raise taxes on motorcycles from 11% to 11.7% of market value. Neither the motorcyclists nor the small businessmen selling motorcycles can afford the present motorcycle taxation system let alone a rise in taxes. The Montana Department of Justice, Registrar's Bureau's figures reveal that motorcycle ownership dropped 1279 between 1982 and 1983, and 2031 between 1983 and 1984. Presently there are 48,901 titled motorcycles in Montana of which 17,756 are not currently registered. By either lowering the tax on motorcycles or enacting either HB-36 or 101 there is a great potential to raise more tax revenue by inducing the registration of more of the titled motorcycles.

Motorcycle taxes are now prohibitively high. Here are some examples of license costs in Helena both under present law and under HB-240:

		HB-240
1985 BMW K100RT	\$285.17	\$303.15
1984 BMW R100RT	183.15	194.85
1984 Honda GL 1200A	206.98	220.36
1985 Harley-Davidson w/ sidecar	452.53	481.28

Considering that automobile license fees are between \$70 and \$90 it is clear that motorcycles, a seasonal transportation vehicle, are grossly over-taxed. This confiscatory taxation is harming the 69 franchised and 13 non-franchised dealers in the state. These businesses along with the 593 jobs they create in Montana with a payroll of \$8,637,000 in 1984 are in jeopardy with either the current taxation scheme or the increase provided by HB-240.

Besides the direct effect on these 82 businesses the tax increase will affect the 48,901 motorcyclists. Industry figures estimate there are 24,451 untitled off-road motorcycles in the state. Adding both together and counting three persons to a household there may be 220,056 Montanans with a motorcycle in the household. On behalf of these Montanans I urge you to either amend HB-240 to provide an equitable tax rate for motorcyclists or to support either HB-36 or 101 which would provide a flat fee for motorcycle licenses.

Montana's motorcyclists are more than willing to carry their share of the tax costs. However taxes that are five and six times the amount for automobiles which use the roads all twelve months are tremendously unfair. The inflating costs of new vehicles has caused the license fees to rise greatly in the last few years and both combined are causing many Montana motorcyclists and dealers to "go broke".

Exhibit 7  
HB 250  
2/1/85

WITNESS STATEMENT

Name Ben Haudahl Committee On TAXATION  
Address Box 1714 Date 2/1/85  
Representing Montana Motor Carriers Assn Support X  
Bill No. HB 250 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. The 1980 Motor Carrier Act (49 USC Sec 11503a) states that a stat may not assess motor carrier transportation property ~~at a value that has a higher~~ at a value that has a higher
2. ratio to true market value of the motor carrier transp. property than the ratio that the assessed value of other commercial and industrial in the same assessment jurisdiction has to the
3. true market value of the other commercial and industrial property.
4. HB 250 appears to accomplish this as long as such property stays in class "R"

We support this bill because it does not change the classification of motor carrier properties

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

MONTANA TAXPAYERS ASSOCIATION

Dennis B. A.

Exh. bit 7-A

2/1/85

HB 250

HB 250

amend section 2

amend page 5 line 22 by striking  
15% and inserting in lieu thereof  
12%

amend section 2, page 7 line 16  
after value." by inserting a new  
section subsection: (8) the cost  
indicator of value for all property  
in class 11 shall be original  
cost depreciated.

Exhibit 8  
HB 250  
2/1/85

WITNESS STATEMENT

Name Karla Gray Committee On Taxation  
Address Butte Date 2/1/85  
Representing MPCo Support  with Burr amendmt  
Bill No. HB250 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. It addresses the requirements of federal law
2. Market value as proposed by Mr. Burr for class II property is the only equitable manner of dealing with that property
3. given the state of utility regulation
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

Exhibit 9  
HB 250  
2/1/85

WITNESS STATEMENT

TAXATION

Name LCS LORLE IV Committee On ~~HB 250~~  
Address PO BOX 176 Helena Date 2/1/85  
Representing Northwest Airlines Support   
Bill No. HB 250 Oppose \_\_\_\_\_  
Amend

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

- 1.
  - 2.
  - 3.
  - 4.
- Support the bill with clarifying amendments deleting requirement of sales/ratio studies for personal property and to require a sales/ratio study of all real property.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

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WITNESS STATEMENT

Name Richard Clark Committee On HB 240  
Address 1770 Colorado Gulch Date 2-1-85  
Representing Motorcycle Dealers Support \_\_\_\_\_  
Bill No. HB 240 Oppose   
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Remove MOTORCYCLES inclusion from HB 240  
MOTORCYCLES DO NOT BELONG IN THE CLASSIFICATION  
MOTORCYCLES AS A CATEGORY BELONG WITH AUTOMOBILES
- 2.
- 3.
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

Exhibit 8  
HB 250  
2/1/85

WITNESS STATEMENT

Name Karla Gray Committee On Taxation  
Address Butte Date 2/1/85  
Representing MPCo Support \_\_\_\_\_  
Bill No. HB 240 Oppose X  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. ~~Oppose~~ increase in tax rate from 12 to 12.8%  
for class II property
2. Support Mr. Swab's amendment regarding  
the insertion of original cost depreciation  
language
- 3.
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. House Bill 240

DATE February 1, 1985

SPONSOR Representative Ramirez

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>James Burr</i>	<i>Clancy</i>	✓	
<i>DAL SMILE</i>	<i>Helena</i>		✓
<i>Jim MacAllister</i>	<i>Helena</i>		←
<i>T.M. Collins</i>	<i>ROY</i>		←
<i>Karla Gray</i>	<i>Butte</i>		✓
<i>Gene Williams</i>	<i>Butte</i>		✓
<i>Mary A Langley</i>	<i>Helena</i>		✓
<i>Don Judge</i>	<i>Helena</i>	<i>amend</i>	
<i>Phil Campbell</i>	<i>Rep. MEA</i>		✓
<i>Dave Goss</i>	<i>BIGS CHAMBER OF COMMERCE</i>	<i>Amend</i> ✓	
<i>LOUISE KUNZ</i>	<i>MCI</i>		✓
<i>Richard Clark</i>	<i>Helena</i>		✓
<i>Don Allen</i>	<i>Helena</i>		✓
<i>Les Loble</i>	<i>Northwest Airlines</i>	✓	
<i>Ben Hardoul</i>	<i>Mont Motor Carriers</i>		✓
<i>Jerry Lynn Minow</i>	<i>MT Fed Teachers</i>		✓
<i>Jim Hughes</i>	<i>MTN. BELL</i>	<i>SUPPORT AMENDMENT</i>	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. HOUSE BILL 250

DATE February 1, 1985

SPONSOR REPRESENTATIVE RAMIREZ

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<del>Dr</del> Dennis Burr	Clary	✓	
T.M. Rollins	Roy		✓
Karla Gray	Butte	✓ w/amd	
MATTHEW TULLER	Helena		
Dennis McKinnire	Ft Worth	✓	
EARL J REILLY	HELENA		✓
Sta Kellogg	Helena		
<del>Jim Ryan</del>	Helena		✓
Sam Ryan	Helena		✓
Deanne Donnelly	Mont Assoc of Counties		
Ben Hardon	Mont Motor Carriers	✓	
<del>Ed</del>			
<del>John Campbell</del>	<del>MSA</del>		
Joe Brand	Helena		✓
Richard Clark	Helena		✓
Miss 19 UN2	MLIC		✓
Eugen Fenderson	Salesmen Local 254		✓
<del>Walt</del>	Ft Worth	✓	
Les Noble	Normant Airlines	✓	
Don Judge	Helena		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM  
 MTN. BELL - HELENA SUPPORT AMENDMENT J

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.