

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN CHASE HIBBARD**, on March 20, 1995, at
10:00 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. 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:

Rep. John C. Bohlinger (R)

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: None.

Executive Action: SB 198 - Concurred in As Amended
HB 363 - Do Pass as Amended

{Tape: 1; Side: A.}

EXECUTIVE ACTION ON SB 198

Motion:

REP. HANSON MOVED THAT SB 198 BE CONCURRED IN.

Discussion:

CHAIRMAN HIBBARD said it had been suggested by Sen. Jergeson, the sponsor of the bill, that the contingent voidness clause be removed.

Motion/Vote:

REP. HANSON MOVED TO AMEND SB 198 BY REMOVING THE CONTINGENT VOIDNESS CLAUSE.

Discussion:

REP. ROSE asked why the clause had been added in the Senate. CHAIRMAN HIBBARD said it was because there was a net impact to the general fund of \$155,000 in FY 96 and \$211,000 in FY 97 and there would also be an impact on local government revenues. The intent of the bill was to be revenue neutral; however, when the reappraisal was done, additional acreage was discovered so there was more revenue than was originally anticipated.

REP. STORY spoke in favor of removing the clause. He said he thought the loss of revenue had been included in the assumptions for that biennium so there would be no affect on the ending fund balance. Jim Staendert, Budget Office, confirmed that it had been factored into the assumptions.

Vote:

On a voice vote, the motion passed unanimously.

Motion:

REP. WENNEMAR MOVED AN AMENDMENT TO RESTORE THE STUDY COMMITTEE TO THE BILL.

Discussion:

REP. WENNEMAR said it was a concern of the previous study committee that further study be given to irrigated land and the use of technology to determine soil capacity to provide a more fair basis on which to tax the land.

REP. MURDOCK said the information is readily available through the U.S.D.A. and the studies have already been done.

REP. REAM said the amendment would provide for a complex committee which would do a pilot study of a small area. He asked Ms. Paynter to comment.

Judy Paynter, DOR, said they would see the next step as a planning operation. In the forestry study, professors at MSU came up with an idea and used their academic methodology to bring forth a plan. There are many questions regarding ag land that would have to be answered on tax policy. There are areas in Montana that are suitable for irrigation but for economic reasons, are used for grazing. People may be penalized because of their management of their land. She said there is a lot of technology available but the first step must be planning on how to use it. In order to classify ag land in this manner, a coordinated movement must be made to determine which way to go and start bringing all the different aspects together on a common ground. She said the purpose of the study committee would be to do the planning. She said that over \$1 million was expended on the forestry project and the ag land project would be much larger. Without planning, it will be necessary to stay with the current system which is very poor. The \$50,000 study in the bill would be a start.

REP. REAM said he agreed with everything Ms. Paynter had said.

REP. ROSE said he thought the State of Minnesota had classified all their land in this manner. **Ms. Paynter** said people in a lot of states are looking at this same problem.

REP. STORY said he had noticed that two people from Montana State University were included in the make up of the Committee. He asked if that was Montana State University - Bozeman or the entire University system. **Ms. Paynter** replied that it was Montana State University - Bozeman and would probably be representatives from the agricultural economics department.

{Tape: 1; Side: B.}

CHAIRMAN HIBBARD said the current method of valuing agricultural land goes back to the early 1960's and a number of inequities have been identified in the system which have been "massaged" over the years by different methods. Fundamentally there are problems with the way agricultural lands are valued. In some cases the values are based on arbitrary yields, subjected to a very complex formula, and are subject to various degrees of accuracy in the actual soil maps. He said the interim committee had heard an interesting presentation from people involved with the forestry study and had been working on modern technologies in determining soil capability. What was contemplated in the study was to work toward a system that would be easier to administer, based on sound scientific evidence, that would be defensible and use modern technology. The only thing they reached a consensus on was that there were problems and it was time to look for a better way, based on science. He said he was surprised when the

study was removed from the bill in the Senate. He said it is time to look seriously at how agricultural lands are valued.

REP. RANEY said there are major changes taking place in Montana that should be recognized. A decision has to be made on what is agriculture and what is "hobby" agriculture and ensure that the difference is recognized. Montanans are also placing increased value on open space. There is a tax policy that forces people out of that open space and what follows is development.

REP. ARNOTT said her concern was that the study might be premature because, when the soil sampling is completed in eight years, technology will have changed and it will be necessary to go back and do another study.

REP. STORY said he did not share that concern because some of the studies are complete. The big cost will be digitizing and there may be technology that will make the process much cheaper.

REP. WELLS asked if there was an appropriation in the bill for the study. **Ms. Paynter** explained that the Senate cannot put appropriations in their bills. If the study is in the bill when it passes, it will be in the fiscal note, and funding will be requested in the conference committee on HB 2.

REP. REAM said he had sponsored the bill that established the original forestry land study in 1991 and, although the project went well, there were problems, partly because of the lack of definitions. The biggest stumbling block was that there was no public land survey system for Montana and they had to rely on Highway Department's public land survey system which was inaccurate. They went on to use Forest Service, BLM, and information from other sources. He said the project was funded by a ten cent per acre fee for three years for forest land ownership to do the research and implementation. He said there are always unforeseen problems and a committee could look at the needs and the feasibility. He said the soil survey has been done in the areas of greatest need and it is "pretty sketchy" on range land and forest land. He then advised the Committee as to the information that is available and could be used by the study group.

Vote:

On a voice vote, the motion to restore the study committee to the bill passed, 15 - 4.

Motion/Vote:

REP. HANSON MOVED THAT SB 198 AS AMENDED BE CONCURRED IN. The motion passed, on a voice vote, 16 - 3.

EXECUTIVE ACTION ON HB 363

REP. SWANSON asked for permission to discuss the bill prior to making a motion to remove the bill from the table. She said she felt the bill had not been fully understood by the Committee when it was originally presented. **CHAIRMAN HIBBARD** granted permission.

REP. SWANSON distributed a document entitled, "Current vs Proposed Taxation of Motor Vehicles." EXHIBIT 1. She said she had tried to bring the bill off the table previously and it was voted down. She said she was now prepared to explain the bill more fully. She reviewed the information on the exhibit. She said the bill was a consumer-friendly bill and a government-efficiency bill. She said one of the questions was whether there was a need to "fix" the current system. The bill would make the tax rate and the depreciation schedules the same for everyone. The values would be set by one agency. It would allow the consumer to know exactly what the depreciation on the vehicle would be each year. The bill proposes to move the licensing function from the Department of Revenue to the Department of Justice and the consumer would make only one stop at the court house in order to license a vehicle. The tax would be based on the manufacturer's suggested retail price (MSRP) and would be consistent for everyone. **REP. SWANSON** then reviewed the information in EXHIBIT 2 which addresses the depreciation schedule and the new car sales tax rate. She said the two complaints about the bill have been corrected.

REP. ELLIOTT asked what had been manipulated in the bill. **REP. SWANSON** said they had attempted to keep the bill revenue neutral, they eliminated the spike in the second year a car is taxed, and they did not raise the new car sales tax rate. She said there would be a \$241,000 loss of tax revenue on new car sales.

{Tape: 2; Side: A.}

Mary Whittinghill, DOR, said the change to MSRP would be done by computer rather than being reported by the individual dealers and would be more accurate. She said the loss would occur whether the bill is passed or not. **Ms. Whittinghill and Dean Roberts** responded to questions on how the tax rates would be applied under different scenarios.

REP. ELLIOTT said he understood that under the original bill people with newer, larger vehicles would pay slightly more in tax and people with older vehicles would pay slightly less. He asked if that was still true in the revised bill. **Ms. Whittinghill** referred Rep. Elliott to Exhibit 2 which outlined the schedule by vehicle type and age group.

REP. REAM asked how the manufacturer's suggested retail price would be defined. **Ms. Whittinghill** replied that it is listed in the National Auto Dealers Association (NADA) book. The prices,

therefore, will be consistent statewide. That value will stay with the vehicle for its entire life. **REP. REAM** then asked why, if the bill is not passed, there would still be a \$241,000 loss in new car sales tax. **Ms. Whittinghill** said it would be because the automobile dealers have been reporting the value of the vehicle under current law and the dealer will no longer provide that information. The Department of Justice will establish the value using the NADA publication. The MSRP was actually lower than what the dealers were reporting to the county treasurers because the dealers were reporting all the "add-ons".

REP. ORR asked how the bill had been changed to address the concerns of the Montana Motor Carriers Association. He asked if they had been included in discussions to amend the bill. **REP. SWANSON** said the bill was amended to address most of issues. The amendment was prepared by the DOR.

Mr. Heiman advised that the Committee had adopted the 110% amendment. **REP. SWANSON** said that amendment addressed 90% of the truckers' concerns. The other issue related to what would happen if the Committee passed the bill to reduce personal property taxes and whether they would get "less of a good deal" because of that. She referred to page 2 of Exhibit 1 which illustrates how the truckers would be affected. In effect, the truckers would be better off to go with the proposal than they would be to stay in Class 8 with 9% to 6% tax rate reduction. **REP. SWANSON** advised that the depreciation rates are set by administrative rule, and not by law, and the DOR plans to change them for the next year.

REP. NELSON inquired how vehicles older than ten years would be taxed because the NADA book only goes back ten years. **Mr. Roberts** said the MRSP has been established for years and the information is still available. In the cases where it is not available, it will be determined by the Department.

REP. NELSON asked what this bill would do the local option tax that some counties have imposed. **Ms. Whittinghill** said the local option is still available.

REP. ARNOTT referred to a letter she had received from Dorothy Cody, Roosevelt County Commissioner, who indicated the change would be costly to some counties, but the DOR has not been able to tell them how much. **EXHIBIT 3.** **Ms. Cody** also said it would be necessary to hire an additional FTE to handle the workload.

REP. SOMERVILLE said he had received letters from Lake County and Flathead County supporting the bill, saying it would cost them less to manage the program.

REP. SWANSON asked the DOR to respond to the comments in **Ms. Cody's** letter. **Ms. Whittinghill** said they had worked with the Montana Association of Counties (MACO) on the proposed bill and the county treasurers passed a resolution at their fall meeting stating that they were 100% in support of the bill. In terms of

efficiency, the additional FTE would be a department adjustor. The Department of Justice would need 2.5 FTEs to initiate the program statewide. The additional help would provide assistance to the county treasurers through the Department of Justice. The reason there are no FTE savings in the Department or at the county level is because they have already reduced their staff by 72.5 FTEs because of county consolidation.

REP. WELLS said he had asked the Gallatin County Treasurer why there was no saving in FTEs and he had pointed out that they have already been doubling up on their workload and this would allow them to catch up on work that they were behind on. The person would not be serving people at a window but would be doing other things.

REP. ELLIOTT said HB 363 was a good bill and the method should work. He asked how it would affect collector cars.

{Tape: 2; Side: B.}

Mr. Roberts said it wouldn't change them. The Department will establish a MSRP based on the vehicle and its age without consideration of any reconstruction.

REP. ELLIOTT said his main concern with the bill was that it would cost some counties tax revenue while others would gain. In some areas the loss would be significant. In spite of the losses, the county treasurers in his district are in favor of the bill.

REP. ORR said he was still concerned because the current system was going to change no matter what the Committee does because the DOR is going to raise, by administrative rule, the depreciation rates. Either way, it will change and the Committee has not been told how it will change because the example featured only one vehicle. He said he did not know what the bill would do to small fleets and small businesses. **Ms. Whittinghill** said the Department of Transportation was using a depreciation schedule prepared by the Department of Revenue based on changes in the MSRP. The MSRPs were inflated because of price freezes and the DOR was unaware that the acquired costs were much lower for the interstate trucking firms. The artificially high MSRP created the exhilarated depreciation schedule. Since the DOR now has this knowledge, they will provide a new depreciation schedule based on the changes in acquired cost. **Mr. Roberts** said the large interstate fleets, registering through the Interstate Registration Plan, were the only ones receiving the break.

Motion/Vote:

REP. HARPER MOVED TO REMOVE HB 363 FROM THE TABLE. On a roll call vote, the motion passed, 15 - 4.

Motion:

REP. SWANSON MOVED HB 363 DO PASS AS AMENDED.

Discussion:

REP. SWANSON said a technical amendment would be necessary to change the depreciation schedule, in accordance with the way the bill was presented, on page 32 of the bill.

Motion/Vote:

REP. SWANSON MOVED THE TECHNICAL AMENDMENT BE ADOPTED. The motion passed unanimously.

Discussion:

Mr. Heiman said a technical amendment that would insert the word "pole" before the word "trailers" in four different places in the bill would correct a typographical error.

Motion/Vote:

REP. ORR MOVED THE AMENDMENT. The motion passed unanimously.

Discussion:

REP. SWANSON pointed out that the DOR has the rulemaking authority to change depreciation schedules. If HB 363 is passed, the depreciation schedules would be set in law.

Vote:

On a roll call vote, the do pass as amended motion passed, 14 - 5.

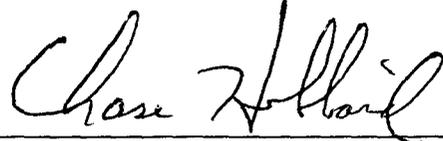
HOUSE TAXATION COMMITTEE

March 20, 1995

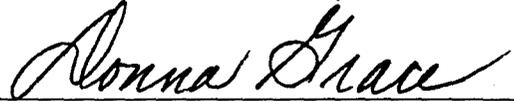
Page 9 of 9

ADJOURNMENT

Adjournment: 11:50 a.m.



CHASE HIBBARD, Chairman



DONNA GRACE, Secretary

CH/dg

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL

DATE March 20, 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 20, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that Senate Bill 198 (third reading copy -- blue) be concurred in as amended.

Signed: 
Chase Hibbard, Chair

Carried by: Rep. Hibbard

And, that such amendments read:

1. Title, line 10.

Following: "~~LAND,~~"

Insert: "ESTABLISHING AN ADVISORY COMMITTEE TO STUDY METHODS FOR USING SOIL CAPABILITY FOR THE VALUATION OF AGRICULTURAL LAND;"

2. Title, line 11.

Strike: "AND"

Insert: ", "

3. Title, line 12.

Strike: "AND A CONTINGENT VOIDNESS PROVISION"

Insert: ", AND A TERMINATION DATE"

4. Page 6, line 16.

Insert: "NEW SECTION. Section 4. Advisory committee -- study of soil capability for valuation of agricultural land. (1) The governor shall appoint an advisory committee to study methods for determining the productive capability of soils and methods for using the productive capability of soils for the valuation of agricultural lands for property tax purposes. The advisory committee shall also consider the extent to which economic factors, such as land use and management practices, influence the valuation of

Committee Vote:
Yes 16, No 3.

641411SC.Hbk

agricultural land for property tax purposes.

(2) The membership of the committee must include persons who are knowledgeable in the following areas:

- (a) principles and practices of property taxation;
- (b) irrigated agricultural practices and production;
- (c) nonirrigated agricultural practices and production;
- (d) livestock grazing practices and production;
- (e) agricultural management practices; and
- (f) financial management.

(3) The committee must also include two members representing Montana state university. One member must be knowledgeable in soil characteristics as these characteristics relate to the productivity of agricultural land. The other member must be knowledgeable in agricultural economics.

(4) The committee shall report its findings and recommendations to the department of revenue by July 1, 1996."
Renumber: subsequent sections

5. Page 6, lines 19 through 23.
Strike: section 5 in its entirety
Renumber: subsequent sections

6. Page 6, line 25.
Strike: "5, AND"
Insert: "4,"
Following: "7"
Insert: ", 8,"

7. Page 6, line 28.
Strike: "4"
Insert: "5"

8. Page 7.
Following: line 4
Insert: "NEW SECTION. Section 8. Termination. [Section 4]
terminates July 1, 1997."

-END-



HOUSE STANDING COMMITTEE REPORT

March 20, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 363 (first reading copy -- white) do pass as amended.

Signed: _____

A handwritten signature in black ink, appearing to read "Chase Hibbard".

Chase Hibbard, Chair

And, that such amendments read:

1. Title, line 12.
Following: "TRAILERS"
Insert: ", POLE TRAILERS,"
2. Page 3, line 6.
Page 35, line 1.
Following: "trailers" or "trailers"
Insert: ", pole trailers,"
3. Page 32, line 11.
Strike: "91"
Insert: "75"
4. Page 32, line 12.
Strike: "82"
Insert: "75"
5. Page 32, line 13.
Strike: "72"
Insert: "69"
6. Page 32, line 14.
Strike: "63"
Insert: "64"
7. Page 32, line 15.


Committee Vote:
Yes 14, No 5.

641413SC.Hbk

Strike: "53"
Insert: "58"

8. Page 32, line 16.
Strike: "44"
Insert: "48"

9. Page 32, line 17.
Strike: "34"
Insert: "37"

10. Page 32, line 18.
Strike: "25"
Insert: "26"

11. Page 32, line 19.
Strike: "17"
Insert: "15"

12. Page 32, line 28.
Following: "vehicle."
Insert: "The starting valuation for motor vehicles with a
manufacturer's rated capacity of 1 1/2 tons or more is the
lesser of the manufacturer's suggested retail price or 110%
of the quotient of the actual acquired cost divided by the
percentage multiplier applicable to the vehicle at the time
of acquisition."

13. Page 34, line 30.
Page 35, line 3.
Following: "trailer"
Insert: ", pole trailer,"

-END-

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/20/95 BILL NO. 363 NUMBER _____

MOTION: Remove from Table

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman 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	✓	

15 4

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE _____ BILL NO. 363 NUMBER _____

MOTION: do pass as amended

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman 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	✓	

14 5

HOUSE OF REPRESENTATIVES

ABSENTEE VOTE

Date 3-20-95

Mr. Chairman/Mr. Speaker:

I, the undersigned member, hereby vote absentee on:

HB Bill No. 363

Do Pass

Representative Amel Fakh

voting

(aye or no)

didn't vote

HOUSE OF REPRESENTATIVES

ABSENTEE VOTE

Date 3-20-95

Mr. Chairman/Mr. Speaker:

I, the undersigned member, hereby vote absentee on:

HB Bill No. 363 reconsider

Representative Daniel Frick voting (aye or no)

didn't vote

House Bill 363
Current vs Proposed Taxation of Motor Vehicles

Type of Vehicle	Licensing	Current Law	Value Source	Values Set By:	Proposed Law	Values Set By:
New vehicles- 1st year	All	MSRP X 1 1/2% = Tax	NADA Acquired Cost Dealer Cost	Auto Dealers Treasurers Transportation	No Change	Justice
After 1st year						
Cars	Local	Avg. Trade in X 2% = Tax	NADA	Justice/Revenue	MSRP X Percentage Mult. X 2% = Tax	Justice
Cars	Fleet	Avg. Trade in X 2% = Tax	NADA	Justice/Transportation	MSRP X Percentage Mult. X 2% = Tax	Justice
Motorcycles	Local	Avg. Trade in X 2% = Tax	NADA	Justice/Revenue	MSRP X Percentage Mult. X 2% = Tax	Justice
Motorcycles	Fleet	Avg. Trade in X 2% = Tax	NADA	Justice/Transportation	MSRP X Percentage Mult. X 2% = Tax	Justice
Trucks (under 1 ton)	Local	Avg. Trade in X 2% = Tax	NADA	Justice/Revenue	MSRP X Percentage Mult. X 2% = Tax	Justice
Trucks (under 1 ton)	Fleet	Avg. Trade in X 2% = Tax	NADA	Justice/Transportation	MSRP X Percentage Mult. X 2% = Tax	Justice
Trucks (over 1 ton)	Local	Avg. Wholesale X 9% X local mill levy = Tax (plus 45 mills if >26,000 GVW)	Truck Blue Book	Revenue	MSRP X Percentage Mult. X 2% = Tax	Justice
Trucks (over 1 ton)	Fleet	Avg. Wholesale X 9% X local mill levy = Tax (plus 45 mills if >26,000 GVW)	Truck Blue Book	Transportation	MSRP X Percentage Mult. X 2% = Tax	Justice
Trucks (over 1 ton)	Interstate	Acquired Cost X Deprec. Rate X 9% X statewide average levy = Tax (plus 45 mills if >26,000 GVW)	Acquired Cost	Transportation	MSRP X Percentage Mult. X 2% = Tax	Justice
Trailers (< 26,000 GVW)	Local	Avg. Wholesale X 9% X local mill levy = Tax	DOR Manuals Boat Trailer Guide Acquired Cost	Revenue	Fee based on declared weight and age	Statute
Trailers (< 26,000 GVW)	Fleet	Avg. Wholesale X 9% X local mill levy = Tax	Acquired Cost	Transportation	Fee based on declared weight and age	Statute
Trailers (< 26,000 GVW)	Interstate	Acquired Cost X Deprec. Rate X 9% X statewide average levy = Tax	Acquired Cost	Transportation	Exempt	N/A

EXHIBIT
DATE 3/20/01
HB 36

House Bill 363
Class 8 Interstate Fleet Trucks
Proposed System VS Current*

1995 FORD (Model LTS8000) - \$54,016 Suggested Factory Price - \$35,000 Acquired Cost
(Purchased January 1, 1995)

PROPOSED SYSTEM		
TAX YEAR	CALCULATED MSRP**	2% TAX RATE
1995	38,500	1.5%
1996	38,500	2.0%
1997	38,500	2.0%
1998	38,500	2.0%
1999	38,500	2.0%
TOTAL		\$2,949.10

CURRENT SYSTEM					
TAX YEAR	1995 ACQUIRED COST	DEPRECIATION %	CLASS 8 TAX RATE	AVERAGE MILL LEVY	TAX***
1995	35,000	100%	N/A	N/A	525.00
1996	35,000	80%	9%	0.407467	1026.82
1997	35,000	41%	9%	0.407467	526.24
1998	35,000	37%	9%	0.407467	474.90
1999	35,000	32%	9%	0.407467	410.73
TOTAL					\$2,963.69

CURRENT SYSTEM with 6% TAX RATE					
TAX YEAR	1995 ACQUIRED COST	DEPRECIATION %	CLASS 8 TAX RATE	AVERAGE MILL LEVY	TAX***
1995	35,000	100%	N/A	N/A	525.00
1996	35,000	80%	6%	0.407467	684.54
1997	35,000	41%	6%	0.407467	350.83
1998	35,000	37%	6%	0.407467	316.60
1999	35,000	32%	6%	0.407467	273.82
TOTAL					\$2,150.79

CURRENT SYSTEM w/ADJUSTED DEPRECIATION					
TAX YEAR	1995 ACQUIRED COST	DEPRECIATION %	CLASS 8 TAX RATE	AVERAGE MILL LEVY	TAX***
1995	35,000	100%	N/A	N/A	525.00
1996	35,000	91%	9%	0.407467	1168.00
1997	35,000	82%	9%	0.407467	1052.49
1998	35,000	72%	9%	0.407467	924.14
1999	35,000	63%	9%	0.407467	808.62
TOTAL					\$4,478.24

CURRENT SYSTEM with 6% TAX RATE w/ADJUSTED DEPRECIATION					
TAX YEAR	1995 ACQUIRED COST	DEPRECIATION %	CLASS 8 TAX RATE	AVERAGE MILL LEVY	TAX***
1995	35,000	100%	N/A	N/A	525.00
1996	35,000	91%	6%	0.407467	778.67
1997	35,000	82%	6%	0.407467	701.66
1998	35,000	72%	6%	0.407467	616.09
1999	35,000	63%	6%	0.407467	539.08
TOTAL					\$3,160.50

* In using current system to project for 5 years, assume state average mill and depreciation schedule stays the same.

** Calculated MSRP - 110% of 1995 Acquired Cost.

*** For new vehicles under current, law truck is subject to the new car sales tax of 1 1/2% of purchase price; under proposal the tax is 1 1/2% of 110% of purchase price.

**HB363 Current and Proposed Law
Light Vehicle Taxes (TY 1993)
By County**

County	Current Law Tax	Proposed Law Tax	Change In Tax	Change in Tax Local govts.*	No. of Vehicles	Change in Tax Per Vehicle
SILVER BOW	\$1,941,114	\$1,963,777	\$22,663	\$7,484	21,980	\$1.03
CASCADE	4,317,452	4,367,348	49,896	11,457	48,160	1.04
YELLOWSTONE	7,981,624	8,109,376	127,752	47,512	84,460	1.51
MISSOULA	5,155,424	5,156,064	640	236	57,780	0.01
LEWIS AND CLARK	3,317,106	3,305,937	(11,169)	(3,488)	36,060	(0.31)
GALLATIN	3,688,756	3,626,593	(62,163)	(23,305)	38,920	(1.60)
FLATHEAD	4,569,012	4,546,895	(22,117)	(7,218)	51,040	(0.43)
FERGUS	702,700	691,988	(10,712)	(3,680)	9,200	(1.16)
POWDER RIVER	174,708	162,552	(12,156)	(4,288)	1,920	(6.33)
CARBON	664,808	660,225	(4,583)	(1,463)	7,660	(0.60)
PHILLIPS	324,664	320,672	(3,992)	(1,433)	3,480	(1.15)
HILL	1,077,284	1,056,654	(20,630)	(8,316)	10,820	(1.91)
RAVALLI	1,595,856	1,534,732	(61,124)	(17,973)	20,240	(3.02)
CUSTER	661,276	678,422	17,146	5,144	8,240	2.08
LAKE	1,150,730	1,137,777	(12,953)	(4,226)	13,240	(0.98)
DAWSON	625,726	648,893	23,167	7,722	7,180	3.23
ROOSEVELT	383,200	388,574	5,374	1,819	4,440	1.21
BEAVERHEAD	629,616	638,100	8,484	2,810	6,360	1.33
CHOUTEAU	464,110	444,889	(19,221)	(4,046)	4,700	(4.09)
VALLEY	553,530	576,629	23,099	8,639	6,160	3.75
TOOLE	337,322	343,488	6,166	1,886	3,800	1.62
BIG HORN	464,898	461,119	(3,779)	(1,083)	4,720	(0.80)
MUSSELSHELL	305,672	297,681	(7,991)	(2,214)	3,360	(2.38)
BLAINE	282,352	275,079	(7,273)	(2,806)	3,360	(2.16)
MADISON	596,890	574,212	(22,678)	(6,581)	5,640	(4.02)
PONDERA	396,152	436,389	40,237	12,732	4,180	9.63
RICHLAND	747,234	711,798	(35,436)	(10,429)	8,880	(3.99)
POWELL	367,710	363,549	(4,161)	(1,332)	4,380	(0.95)
ROSEBUD	658,620	653,886	(4,734)	(1,726)	6,540	(0.72)
DEER LODGE	589,354	617,231	27,877	8,783	6,920	4.03
TETON	412,552	432,533	19,981	5,085	5,040	3.96
STILLWATER	575,588	571,678	(3,910)	(1,350)	6,140	(0.64)
TREASURE	64,688	63,027	(1,661)	(575)	700	(2.37)
SHERIDAN	359,526	371,537	12,011	3,794	3,800	3.16
SANDERS	484,084	469,393	(14,691)	(3,324)	5,980	(2.46)
JUDITH BASIN	165,328	167,569	2,241	675	1,920	1.17
DANIELS	186,714	197,404	10,690	3,923	1,960	5.45
GLACIER	484,948	485,260	312	114	4,660	0.07
FALLON	297,030	306,517	9,487	2,660	2,840	3.34
SWEET GRASS	274,432	274,920	488	233	2,880	0.17
MCCONE	132,486	139,455	6,969	2,265	1,840	3.79
CARTER	110,628	112,447	1,819	643	1,280	1.42
BROADWATER	252,224	249,065	(3,159)	(812)	2,980	(1.06)
WHEATLAND	108,410	102,784	(5,626)	(967)	1,260	(4.47)
PRAIRIE	115,848	110,146	(5,702)	(1,835)	1,080	(5.28)
GRANITE	177,914	167,571	(10,343)	(3,298)	2,080	(4.97)
MEAGHER	168,632	158,302	(10,330)	(4,025)	1,540	(6.71)
LIBERTY	201,286	202,577	1,291	416	1,880	0.69
PARK	967,058	963,071	(3,987)	(1,148)	11,160	(0.36)
GARFIELD	123,290	122,748	(542)	(239)	1,400	(0.39)
JEFFERSON	618,492	603,582	(14,910)	(5,066)	6,680	(2.23)
WIBAUX	85,516	87,366	1,850	519	920	2.01
GOLDEN VALLEY	57,224	54,420	(2,804)	(856)	840	(3.34)
MINERAL	236,590	229,848	(6,742)	(2,081)	2,680	(2.52)
PETROLEUM	63,136	56,997	(6,139)	(3,266)	600	(10.23)
LINCOLN	1,073,378	1,039,479	(33,899)	(10,082)	12,740	(2.66)
TOTAL	\$52,521,902	\$52,490,225	(\$31,677)	(\$7,981)	580,700	(\$0.05)

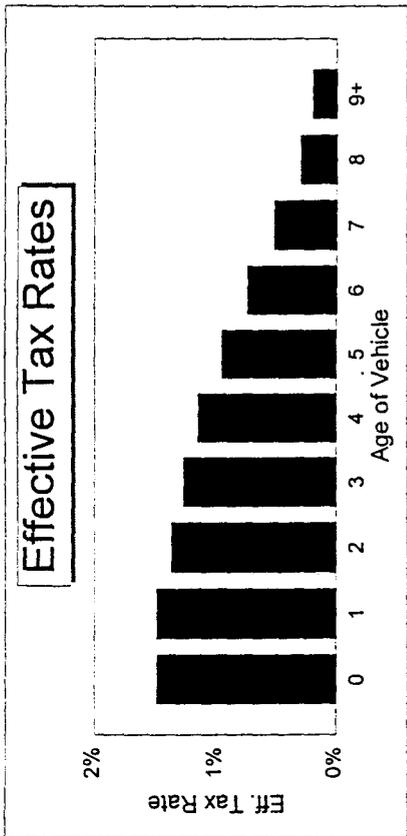
* Excluding Schools

HB363 - Alternative Depreciation Schedule and New Car Sales Tax Rate

New Car Sales Tax Rate: 1.50%

Used Car Depreciation Schedule:

Age of Vehicle	Depreciation Rate	Effective Rate
0	0.75	1.50%
1	0.75	1.50%
2	0.69	1.38%
3	0.64	1.28%
4	0.58	1.16%
5	0.48	0.96%
6	0.37	0.74%
7	0.26	0.52%
8	0.15	0.30%
9+	0.10	0.20%



Revenue Impact	Current Law	Proposed Law	Change
New Car Sales Tax	\$8,469,332	\$8,227,812	(\$241,520)
Used Car Property Tax	\$43,926,861	\$43,912,524	(\$14,337)
Total Taxes Paid	\$52,396,193	\$52,140,336	(\$255,857)

Impact on Taxing Jurisdictions	Change
District Courts (7%)	(\$1,004)
Universities	(\$227)
School Equalization Aid	(\$3,600)
Counties	(\$2,773)
Local schools	(\$5,733)
Cities/Towns	(\$733)
Miscellaneous Districts	(\$267)
TOTAL IMPACT:	(\$14,337)

EXHIBIT 2
 DATE 3/20/95
 HB 363

ORI/MODOR
 15-Mar-95

**SAMPLE ESTIMATES OF CURRENT AND PROPOSED TAX
BY VEHICLE TYPE AND AGE GROUP, TAX YEAR 1993**

BY VEHICLE TYPE

Vehicle Type	Current Law Tax	% of CL Tax	Proposed Law Tax	% of PL Tax
Passenger Car	24,248,870	46%	28,266,539	54%
Truck	17,015,195	32%	14,278,816	27%
Van	4,210,739	8%	3,945,405	8%
Other	6,921,389	13%	5,649,575	11%
Total	52,396,193	100%	52,140,335	100%

BY AGE GROUP

Vehicle Age Group	Current Law Tax	% of CL Tax	Proposed Law Tax	% of PL Tax
< 2 Yrs. Old	10,041,963	19%	9,722,205	19%
2 - 5 Yrs. Old	26,894,809	51%	28,279,372	54%
5 - 10 Yrs. Old	12,213,687	23%	11,526,840	22%
>10 Yrs. Old	3,245,734	6%	2,611,918	5%
Total	52,396,193	100%	52,140,335	100%

ORI/MDOR
16-Mar-95

a:\lop1clvpl.wk4

**CURRENT LAW AVERAGE TAX
BY TYPE AND AGE**

Vehicle Type	Age Group				Total
	<2 Yrs. Old	2-5 Yrs. Old	5-10 Yrs. Old	>10 Yrs. Old	
Passenger Car	226	157	52	14	78
Truck	244	176	70	19	90
Van	260	206	81	16	134
Other	305	257	96	32	144
Total	246	174	63	17	90

**PROPOSED LAW AVERAGE TAX
BY TYPE AND AGE**

Vehicle Type	Age Group				Total
	<2 Yrs. Old	2-5 Yrs. Old	5-10 Yrs. Old	>10 Yrs. Old	
Passenger Car	237	187	63	15	91
Truck	214	163	49	12	76
Van	258	198	68	13	126
Other	295	221	63	16	118
Total	238	183	59	14	90

**DOLLAR CHANGE IN AVERAGE TAX
BY TYPE AND AGE**

Vehicle Type	Age Group				Total
	<2 Yrs. Old	2-5 Yrs. Old	5-10 Yrs. Old	>10 Yrs. Old	
Passenger Car	11	30	11	1	13
Truck	(30)	(13)	(21)	(7)	(15)
Van	(3)	(9)	(13)	(3)	(8)
Other	(11)	(35)	(33)	(16)	(27)
Total	(8)	9	(4)	(3)	(0)

**PERCENT CHANGE IN AVERAGE TAX
BY TYPE AND AGE**

Vehicle Type	Age Group				Total
	<2 Yrs. Old	2-5 Yrs. Old	5-10 Yrs. Old	>10 Yrs. Old	
Passenger Car	5%	19%	21%	7%	17%
Truck	-12%	-7%	-30%	-38%	-16%
Van	-1%	-4%	-16%	-19%	-6%
Other	-3%	-14%	-34%	-50%	-18%
Total	-3%	5%	-6%	-20%	-0%

ORI/MDOR
16-Mar-95

**HB363 Current and Proposed Law
Light Vehicle Taxes (TY 1993)
By County**

County	Current Law Tax	Proposed Law Tax	Change In Tax	Change in Tax Local govts.*	No. of Vehicles	Change in Tax Per Vehicle
SILVER BOW	1,737,500	1,779,011	41,511	\$12,749	22,620	\$1.84
CASCADE	3,478,082	3,555,152	77,070	16,457	47,430	1.62
YELLOWSTONE	6,669,593	6,786,480	116,887	40,428	85,490	1.37
MISSOULA	4,179,982	4,150,492	(29,490)	(10,102)	58,260	(0.51)
LEWIS AND CLARK	2,641,831	2,635,679	(6,152)	(1,787)	35,200	(0.17)
GALLATIN	3,113,644	3,060,831	(52,813)	(18,414)	38,950	(1.36)
FLATHEAD	3,804,669	3,759,721	(44,948)	(13,642)	49,800	(0.90)
FERGUS	624,394	621,107	(3,287)	(1,050)	9,040	(0.36)
POWDER RIVER	149,318	142,628	(6,690)	(2,195)	1,840	(3.64)
CARBON	539,153	535,784	(3,369)	(1,000)	7,080	(0.48)
PHILLIPS	306,577	296,848	(9,729)	(3,247)	3,650	(2.67)
HILL	884,396	883,108	(1,288)	(483)	10,910	(0.12)
RAVALLI	1,408,243	1,346,705	(61,538)	(16,828)	20,200	(3.05)
CUSTER	599,450	617,381	17,931	5,003	8,370	2.14
LAKE	1,053,186	1,046,096	(7,090)	(2,151)	13,770	(0.51)
DAWSON	580,151	603,960	23,809	7,381	7,420	3.21
ROOSEVELT	321,632	336,810	15,178	4,779	4,410	3.44
BEAVERHEAD	467,525	460,395	(7,130)	(2,196)	6,180	(1.15)
CHOUTEAU	383,336	374,049	(9,287)	(1,818)	4,910	(1.89)
VALLEY	465,155	476,518	11,363	3,952	5,850	1.94
TOOLE	292,700	297,092	4,392	1,249	4,010	1.10
BIG HORN	412,522	400,699	(11,823)	(3,152)	4,750	(2.49)
MUSSELSHELL	231,772	226,640	(5,132)	(1,322)	3,100	(1.66)
BLAINE	252,956	254,257	1,301	467	3,210	0.41
MADISON	461,428	443,376	(18,052)	(4,872)	5,540	(3.26)
PONDERA	308,835	322,948	14,113	4,153	4,140	3.41
RICHLAND	637,804	620,040	(17,764)	(4,862)	8,580	(2.07)
POWELL	301,550	301,534	(16)	(5)	4,150	(0.00)
ROSEBUD	503,888	506,858	2,970	1,007	6,270	0.47
DEER LODGE	513,615	539,902	26,287	7,702	6,980	3.77
TETON	396,549	410,605	14,056	3,327	5,300	2.65
STILLWATER	444,122	443,542	(580)	(186)	5,830	(0.10)
TREASURE	53,167	54,200	1,033	333	720	1.43
SHERIDAN	317,803	330,159	12,356	3,630	3,920	3.15
SANDERS	434,515	425,001	(9,514)	(2,002)	6,630	(1.43)
JUDITH BASIN	134,983	129,276	(5,707)	(1,599)	1,930	(2.96)
DANIELS	168,956	176,230	7,274	2,483	1,880	3.87
GLACIER	364,050	368,287	4,237	1,436	4,490	0.94
FALLON	236,755	244,306	7,551	1,969	2,790	2.71
SWEET GRASS	200,214	198,713	(1,501)	(667)	2,720	(0.55)
MCCONE	165,367	163,194	(2,173)	(657)	2,000	(1.09)
CARTER	101,692	96,264	(5,428)	(1,784)	1,310	(4.14)
BROADWATER	211,683	218,823	7,140	1,706	2,960	2.41
WHEATLAND	103,127	96,708	(6,419)	(1,026)	1,410	(4.55)
PRAIRIE	92,629	85,340	(7,289)	(2,182)	1,080	(6.75)
GRANITE	145,183	135,843	(9,340)	(2,769)	2,160	(4.32)
MEAGHER	141,344	134,792	(6,552)	(2,374)	1,730	(3.79)
LIBERTY	185,245	184,814	(431)	(129)	2,090	(0.21)
PARK	876,293	854,076	(22,217)	(5,948)	10,970	(2.03)
GARFIELD	101,761	97,790	(3,971)	(1,625)	1,190	(3.34)
JEFFERSON	496,383	490,655	(5,728)	(1,810)	6,950	(0.82)
WIBAUX	74,044	75,409	1,365	356	980	1.39
GOLDEN VALLEY	56,494	52,343	(4,151)	(1,179)	790	(5.25)
MINERAL	190,258	185,653	(4,605)	(1,322)	2,590	(1.78)
PETROLEUM	52,335	48,781	(3,554)	(1,758)	590	(6.02)
LINCOLN	857,022	829,623	(27,399)	(7,578)	12,430	(2.20)
TOTAL	\$43,926,861	\$43,912,528	(\$14,333)	(\$4,256)	579,550	(\$0.02)

* Excluding Schools

EXHIBIT 3 001
DATE 3/20/95
HB 363

Commissioners
Lee Matejovsky, Chairman
Dean Harmon, Member
Dorothy Cody, Member



400 2nd Avenue South
Wolf Point, MT 59201

COUNTY OF ROOSEVELT
Office Of
COUNTY COMMISSIONERS

House Taxation Committee
Representative Chase Hibbard, Chairman
Room 437
Helena, MT 59620

Dear Chairman Hibbard and Committee Members,

I would like to encourage you to continue to leave HB 363 on the Table in your Committee. I was unable to testify against this Bill in your Committee because of my commitments to my own office as County Commissioner but you took the right action and therefore I never felt the need to contact you before now.

I have heard that there is a concerted and strong effort by the Department of Revenue to get you to change your minds and I hope that you don't.

This is another "Trust Us" Bill by the Dept. that will drive a further wedge between the Counties and the State.

It would change the method of assessing Ad Valorem vehicles and allow the Department to close the windows of the County Assessor's Offices to the public. It would cost some Counties Revenue with the proposed change and the Department cannot tell any of us how much? It will also cost us money because the job of assessing will be passed to the Treasurer's Office and will require us to hire an extra F.T.E. to handle the added workload.

Unless the Department quits taking these type of actions there will never be the healing on the trust issues that are needed.

Please leave HB 363 where it nicely is.

Sincerely

Dorothy A. Cody, Roosevelt County Commissioner