

**MINUTES**

**MONTANA SENATE  
57th LEGISLATURE - REGULAR SESSION  
COMMITTEE ON TAXATION**

**Call to Order:** By **CHAIRMAN BOB DEPRATU**, on February 2, 2001 at 8:00 A.M., in Room 405 Capitol.

**ROLL CALL**

**Members Present:**

Sen. Bob DePratu, Chairman (R)  
Sen. Alvin Ellis Jr., Vice Chairman (R)  
Sen. John C. Bohlinger (R)  
Sen. Mack Cole (R)  
Sen. Pete Ekegren (R)  
Sen. Jon Ellingson (D)  
Sen. Dan Harrington (D)

**Members Excused:** Sen. Bill Glaser (R)  
Sen. Emily Stonington (D)

**Members Absent:** None.

**Staff Present:** Lee Heiman, Legislative Branch  
Deb Thompson, Committee Secretary

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

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Senate Bill 280, 1/22/2001;  
Senate Bill 281, 1/22/2001  
Executive Action: Senate Bill 280 Pass 7-0

**HEARING ON SENATE BILL 280**

**Sponsor:** SENATOR DALE MAHLUM, SD 35, Corvallis

**Proponents:** Peggy Trenk, Montana Association of Realtors; Mary Whittinghill, Montana Taxpayers Association;

**Opponents:** None

**Opening Statement by Sponsor:** **SENATOR MAHLUM** presented the bill. He described people who were taxed out of their homes and had been evicted. A New Jersey National Tax Asset Corporation had purchased the tax deed. The constituent he described was eighty years old and could not pay the large tax bill so kept setting it aside. An out of state company was able to buy the tax deed for \$3,800. SB 280 would make it harder for out of state companies to take property without notification to the property owner. **SENATOR MAHLUM** described an amendment to help the county treasurer offices so they would not have to copy the entire tax sale notice. He showed a three inch stack of paper.

**Proponents' Testimony:** **Peggy Trenk**, representing the Montana Association of Realtors, said the out of state companies pay for the tax deed quietly and then the homeowner is either forced out or must buy back their own home.

**Mary Whittinghill**, Montana Taxpayers Association, spoke in support of the bill. **{Tape : 1; Side : A; Approx. Time Counter : 9.3 - 10.9}**

**Opponents' Testimony:** None

**Informational Testimony:** **Robert Throssell**, Montana County Treasurers Association, spoke as an informational witness. He said the amendment was important to keep the burden off the county of having to copy such large documents as a notice. The bill does provide additional notification by those starting the tax deed process.

**Questions from Committee Members and Responses:** **SENATOR ELLIS** asked the sponsor about changing notification. **SENATOR MAHLUM** replied the county would continue notifying taxpayers but the person paying the taxes would be required to show proof that they were doing so. **Mr. Throssell** explained the tax sale process. The county considers it an investment and the person paying the taxes gets reimbursed plus ten percent interest on their money when the taxes are brought current. He noted that the property owner deserves to be protected and remedies are available throughout the process. The county is neutral as long as the taxes are paid. **{Tape : 1; Side : A; Approx. Time Counter : 16 - 22}**

**SENATOR BOHLINGER** noted that presently, an out of state company can stealthily procure title to a home. This bill would add the step of notification by that company to the property owner to help prevent eviction in this manner.

**Closing by Sponsor:** SENATOR MAHLUM closed. He pointed out the county had a lot of triggers and different time lines. This bill would put the onus on the third party. {Tape : 1; Side : B; Approx. Time Counter : 0 - 7.2}

**HEARING ON SENATE BILL 280**

**Sponsor:** SENATOR WALT MCNUTT, SD 50

**Proponents:** Bob Gilbert, Montana Aviation Trade Organization; Ron Mercer, Chairman Airport Board; SENATOR JOHN BOHLINGER; Bill Ferris, Three Forks, representing Gallatin County Airport Board; Mike Ferguson, Chairman, Board of Aeronautics; Linda Marshall, full time flight instructor; Jack Gillespie, Past President Montana Pilots Association; Roger Foster, Morrison and Maierle; Frank Bass, Lewistown, Montana Antique Airplane Association; John McKenna, Bozeman private pilot; Jim Monger, Monger and Associates and Bozeman aviation consultant and part owner of an airplane; Bob Lipskum, Glasgow and airplane owner; Tom Ebzery, attorney and Billings Airport Managers Association; John Rabenberg, Fort Peck Airport Board; Sam Taylor, Sleeping Giant Flying Group; Jim Steffeck, Helena pilot

**Opponents:** None

**Opening Statement by Sponsor:** SENATOR MCNUTT presented the bill. He said the bill was at the request of the aviation organizations. This is an aviation fuel tax of one cent that in the past has gone into a trust fund that has been used for loans and grants for rural airport improvement projects. It is money that is used to leverage federal dollars on a 90/10 match. Most of these counties and rural airports can't afford to do the upgrades that are required in these rural airports from local taxpayer dollars. This fund has worked well to help local communities. The bill would extend the one cent, as there was a provision in the original law when the fund got to one million dollars that could cease. The aviation organizations want this to extend into the future. General aviation is the group that pays this, not the air carriers. Air carriers get a refund on this tax.

**Proponents' Testimony:** Bob Gilbert, Montana Aviation Trade Organizations, spoke in favor of the bill. He pointed out the freight haulers, Federal Express and UPS, also benefit from this tax. Ambulance is very important to rural Montana. This money keeps airports up to federal government standards and is now allowed to use the money for not only construction and reconstruction but maintenance, seal chipping and fixing cracks

which will also benefit these small communities. It is a user fee paid willingly by the aviation community in the state. He submitted three letters from three groups, Exec Air, Lynch Flying Service and Benefits Health Care. **EXHIBIT (tas27a01)**  
**EXHIBIT (tas27a02) EXHIBIT (tas27a03)**

**Ron Mercer**, Chairman of the Aeronautics Board, supported the bill. This user fee money has been made available to small airports for maintenance. It is a huge opportunity for them. Many of these small communities do not have the resources to help local airports so this grant money helps leverage the federal money to keep maintenance going and allow new construction. It is a great opportunity for economic development and preventive maintenance.

**SENATOR JOHN BOHLINGER** supported the bill. He told about his son Nick being an airline pilot and a former air ambulance pilot for Deaconess Medical Center. He described trips made to rural Montana to pick up crash victims, or ill people. He said without the support of this one cent fuel tax, that was willingly paid by the people who fly, without that support and without that federal match that is provided, air service and emergency evacuation service would not be available to rural Montana. **{Tape : 1; Side : B; Approx. Time Counter : 14.9 - 15.9}**

**Bill Ferris**, Three Forks, represents the Gallatin County Airport Board, spoke in favor of the bill. He discussed the Three Forks Airport project that was \$200,000 short. They went to the Montana Aeronautics Commission and obtained a ten thousand dollar grant, a ten thousand dollar loan, which qualified them for the 90/10 program. It enabled them to come up with the additional \$200 thousand dollars that made the project on the Three Forks Airport project possible. They strongly supported the legislation.

**Mike Fergeson**, Administrator of the Aeronautics Division, spoke in support of the bill. He said their Division administers the program and it is tremendously successful. The new federal bill that passed last March gives a greater demand for the grant money now that the small airports are eligible for maintenance projects for the first time.

**Linda Marshall**, a full time flight instructor, spoke in favor of the bill. Because of the large land areas, Montana airports play an important function in Montana. Airports need to be top rate and this one cent tax helps the grant program. This allows the smaller airports the funds to do this.

**Jack Gillespie**, Past President of the Montana Pilots Association, spoke in support of the bill. He stated that every pilot is happy to pay an extra one cent to keep the runways in good shape.

**Roger Foster**, from the engineering firm of Morrison and Maierle, said they worked with airport design throughout the state and had first hand knowledge of the benefits of these monies to help the airports. With the increased funding, almost doubled with the federal government, there is a like increase in the projects that are available for funding in Montana. There is no lack of need but there is a lack of available funds to increase the number of projects to be completed. To take advantage of federal monies it is important to have local monies to match. This gas tax allows the airports to have a revenue stream for the users of the airports that come on a transient basis. It is self funding and very beneficial.

**Frank Bass**, from Lewistown, representing the Montana Antique Airplane Association and AOM, strongly supported the bill. This grant money was needed to keep the airports open and in good repair for airplanes, ambulance, UPS and United Press.

**John McKenna**, from Bozeman, a private pilot and Chairman of the Airport Board in Bozeman, spoke in favor of the bill. He said many times the rural communities are left short. Bigger airports have a lot of sources for funding. This is a very positive bill. As a private pilot, it is easy to recognize the need at the rural airports.

**Jim Monger**, owner of Monger and Associates, an aviation consulting firm in Bozeman and part owner of two aircraft, testified in support of the bill. He served as Chief for the Aeronautics Division from 1950-1971 and was aware of the attributes of the fuel tax program and what it can do for Montana airports of all sizes. In the event this bill was not funded as a self-tax measure, the expenses would then go to the local taxpayers. The bill is not political. The gas tax is the blood of Montana airports. He urged the committee support the legislation.

**Bob Lipscomb**, from Glasgow and a private pilot and aircraft owner, said they paid the tax which is fair. It makes sense for Montana communities.

**Tom Ebzery**, an attorney from Billings and representing the Montana Airport Managers Association, supported the bill even though it was rural in nature, it was the right thing to do.

**John Rabenberg**, Fort Peck, and member of the Airport Board, supported the bill.

**Sam Taylor**, member of the Sleeping Giant Flying Club, said the group was happy to pay the one cent tax.

**Jim Steffeck**, a pilot from Helena, strongly supported the bill.

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:** **SENATOR ELLIS** asked for clarification on the two cent tax. **Mike Ferguson**, Administrator described the fund. One cent goes to the Aeronautics Division and has since 1945 for operations. **{Tape : 2; Side : A; Approx. Time Counter : 0 - 3}** Now a new bill that passed Congress allows small airports to use federal money for maintenance. The larger airports cannot. He explained the other money that went into a trust fund and one into a grant account. The loan account sunset the first of January. They just want to reinstate that penny and put it into the grant account because there is such a demand for grant money.

**SENATOR HARRINGTON** asked about the carrier airlines and what part was rebated. **SENATOR MCNUTT** replied they were rebated the two cents.

**Closing by Sponsor:** **SENATOR MCNUTT** closed. He stated this was an excellent program to help rural communities. Some of the projects get very expensive to rehabilitate runways. This program with the maintenance ability, will alleviate this around the state and keep rural airports in good shape. He recommended the committee pass the bill.

#### **EXECUTIVE ACTION ON SENATE BILL 280**

**SENATOR COLE MOVED DO PASS.** The question was called. The motion **PASSED** unanimously, 7-0.

**ADJOURNMENT**

Adjournment: 9:07 A.M.

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SEN. BOB DEPRATU, Chairman

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DEB THOMPSON, Secretary

BD/DT

**EXHIBIT (tas27aad)**