



SENATE STANDING COMMITTEE REPORT

March 11, 2005

Page 1 of 6

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 345** (first reading copy -- white) do pass as amended.

Signed: _____

Senator Jim Elliott, Chair

And, that such amendments read:

1. Title, page 1, line 9.

Strike: "MARKET"

Strike: "PROPERTY TAX PURPOSES OF"

2. Title, line 10.

Following: "VALUE;"

Insert: "ESTABLISHING A COUNTY TAX DEFICIENCY LIEN; AND"

3. Title, lines 11 and 12.

Strike: the first "AND" on line 11

Following: "7-15-4293,"

Insert: "AND 15-10-420,"

Strike: "; AND" on line 11 through "DATE" on line 12

4. Page 1, line 23.

Following: the first "and"

Insert: "for"

Strike: "a parcel of land"

Insert: "real property"

5. Page 3, line 9 through line 10.

Strike: "i" on line 9 through "(i)" on line 10

Committee Vote:

Yes 11, No 0.

541252SC.ssc

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6. Page 3, line 12 through line 16.

Strike: "; " on line 12 through "plan" on line 16

7. Page 4, line 7.

Following: "may"

Insert: "request the department of revenue or its agents to"

8. Page 4, line 11.

Insert: "**Section 4.** Section 15-10-420, MCA, is amended to read:

"15-10-420. Procedure for calculating levy. (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's value of newly taxable property, plus one-half of the average rate of inflation for the prior 3 years.

(b) A governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

(c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

(2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit, including newly taxable property.

(3) (a) For purposes of this section, newly taxable property includes:

~~(a)~~ (i) annexation of real property and improvements into a taxing unit;

~~(b)~~ (ii) construction, expansion, or remodeling of improvements;

~~(c)~~ (iii) transfer of property into a taxing unit;

~~(d)~~ (iv) subdivision of real property; and

~~(e)~~ (v) transfer of property from tax-exempt to taxable status.

(b) Newly taxable property does not include an increase in value that arises because of an increase in the incremental value within a tax increment financing district.

(4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the release of taxable value from the incremental taxable value of a tax increment financing district because of:

(i) a change in the boundary of a tax increment financing district;

(ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

(iii) the termination of a tax increment financing district.

(b) If a tax increment financing district terminates prior to the certification of taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax increment financing district terminates. If a tax increment financing district terminates after the certification of taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.

~~(b)(c)~~ For the purpose of subsection ~~(3)(d)~~ (3)(a)(iv), the subdivision of real property includes the first sale of real property that results in the property being taxable as class four property or as nonagricultural land as described in 15-6-133(1)(c).

~~(c) For the purposes of this section, newly taxable property does not include an increase in appraised value of land that was previously valued at 75% of the value of improvements on the land, as provided in 15-7-111(4) and (5), as those subsections applied on December 31, 2001.~~

(5) Subject to subsection (8), subsection (1)(a) does not apply to:

(a) school district levies established in Title 20; or

(b) the portion of a governmental entity's property tax levy for premium contributions for group benefits excluded under 2-9-212 or 2-18-703.

(6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

(7) In determining the maximum number of mills in subsection (1)(a), the governmental entity may increase the number of mills to account for a decrease in reimbursements.

(8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, and 20-25-439. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections. The mill calculation must be established in whole mills. If the mill levy calculation does not result in a whole number of mills, then the calculation must be rounded up to the nearest whole mill.

(9) (a) The provisions of subsection (1) do not prevent or

restrict:

(i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;
(ii) a levy to repay taxes paid under protest as provided in 15-1-402; or

(iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326.

(b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes actually assessed in a subsequent year.

(10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating funds by a county or municipality during that time.

(11) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable property in a governmental unit."

Renumber: subsequent sections

9. Page 4, line 13.

Strike: "assessment"

Following: "person"

Insert: ": (a)"

10. Page 4, line 14 through page 5, line 28.

Following: "acquired" on page 4 line 14

Insert: ";

Strike: "located" on page 4, line 14 through "agreement." on page 5, line 28

Insert: "(b) requiring the individual to pay an annual tax deficiency fee whenever the property that is the subject of the agreement is valued by the department of revenue for property tax purposes at a market value that is less than the value established by the agreement. The amount of the deficiency fee may not exceed the difference between the minimum value expressed in the agreement and the market value established by the department of revenue.

(2) The property that is the subject of the agreement must be located or installed in an urban renewal area, industrial district, aerospace transportation and technology district, or any other area or district that is subject to a tax increment financing provision.

(3) The minimum value established by the agreement may be fixed or may increase or decrease in later years from the initial

minimum value as provided in the agreement.

(4) The agreement creates a lien on the property pursuant to [section 6] and must be filed and recorded in the office of the county clerk and recorder in each county in which the property or any part of the property is located. Recording an agreement constitutes notice of the agreement to anyone who acquires any interest in the property that is the subject of the agreement, and the agreement is binding upon the person acquiring the interest.

(5) An agreement made pursuant to subsection (1) may be modified or terminated by mutual consent of the current parties to the agreement. Modification or termination of an agreement must be approved by the governing body of the municipality. A document modifying or terminating an agreement must be filed in the office of the county clerk and recorder in each county in which the property or any part of the property is located.

(6) An agreement entered into pursuant to subsection (1) or modified pursuant to subsection (5) terminates on the earliest of:

- (a) the date on which conditions in the agreement for termination are satisfied;
- (b) the termination date specified in the agreement; or
- (c) the date when the tax increment is no longer paid to the municipality under 7-15-4292.

(7) Nothing in this section limits a municipality's authority to enter into contracts other than tax deficiency agreements as described in this section."

NEW SECTION. Section 6. County tax deficiency lien. A municipality has a lien for tax deficiency payments as described in a properly filed agreement for tax deficiency payment pursuant to [section 5]. The lien has the same priority as a lien for general property taxes. Lien proceeds must be disbursed pursuant to 7-15-4286(2).

Renumber: subsequent sections"

11. Page 5, line 30.

Following: "instruction."

Insert: "(1)"

Strike: "4"

Insert: "5"

12. Page 6, line 1.

Strike: "4"

Insert: "5"

13. Page 6, line 2.

Insert: "(2) [Section 6] is intended to be codified as an

March 11, 2005

Page 6 of 6

integral part of Title 71, chapter 3, part 15, and the provisions of Title 71, chapter 3, part 15, apply to [section 6]."

14. Page 6, line 3 through line 6.

Strike: section 6 through section 7 in their entirety

- END -



SENATE STANDING COMMITTEE REPORT

March 11, 2005

Page 1 of 3

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 133** (first reading copy -- white) **do pass as amended.**

Signed: _____

Senator Jim Elliott, Chair

And, that such amendments read:

1. Page 3, line 4.

Strike: "its"

Insert: "the designated investor group's investors"

2. Page 4.

Following: line 13

Insert: "(c) The designated investor group shall maintain an office in Montana."

3. Page 4, line 14.

Strike: "monitor"

Insert: "approve the timing of the initial sale of certificates and"

4. Page 4, line 17.

Strike: "investor's"

Insert: "investor group's"

5. Page 4, line 22.

Following: line 21

Insert: "(5) The board, through one of its members, shall, once each calendar quarter while the legislature is not in session, report to the economic affairs interim committee on the board's progress in implementing [sections 1 through 15]"

Committee Vote:

Yes 7, No 4.

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and the board's success in achieving the purpose of
[sections 1 through 15]."

Renumber: subsequent subsection

6. Page 5, line 6.

Following: "holders."

Insert: "The amount of tax credits certified for use may not
exceed \$25 million prior to January 1, 2009."

7. Page 5, line 9.

Strike: "current" through "(5),"

Insert: "taxes"

Following: "which"

Insert: "the board has determined"

8. Page 5, line 13.

Strike: "2005"

Insert: "2010"

9. Page 5, line 18 through line 21.

Strike: "and" on line 18 through "state" on line 21

10. Page 6, line 1.

Strike: "An" through "the"

Insert: "The"

Strike: ", including"

Insert: "that is"

Following: "partnership,"

Insert: "a"

11. Page 6, line 2.

Following: "company"

Insert: "taxed as a partnership"

Strike: "C. corporation,"

Insert: "or an"

Strike: ", estate" through "individual"

Insert: "may be claimed by the partner, member, or shareholder"

12. Page 6, line 3 through line 5.

Strike: line 3 through line 5 in their entirety

Insert: "The tax credit of an investor group that is an estate or

trust may be claimed by the beneficiary. The amount of credit claimed by a partner, member, shareholder, or beneficiary must be the partner's, member's, shareholder's, or beneficiary's pro rata share of the earnings of the partnership, limited liability company, S. corporation, trust, or estate."

13. Page 6, line 7.

Strike: "committed"

Insert: "provided"

14. Page 7, line 17.

Following: "fund."

Insert: "When the Montana evergreen fund has invested or reserved for investment \$60 million, distribution of all the proceeds must be made to the state general fund."

- END -



SENATE STANDING COMMITTEE REPORT

March 14, 2005

Page 1 of 1

Mr. President:

We, your committee on **Taxation** recommend that **House Bill 463** (third reading copy -- blue) be **concurrred in**.

Signed: _____

A handwritten signature in cursive script, appearing to read "J. Elliott", written over a horizontal line.

Senator Jim Elliott, Chair

To be carried by Senator Ken Toole

- END -

Committee Vote:
Yes 9, No 0.

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COMMITTEE FILE COPY

TABLED BILL

The **SENATE TAXATION COMMITTEE** TABLED **SB 284**, by motion, on **Friday, March 11, 2005**.

K. Ely
(For the Committee)

KH
(Secretary of Senate)

11:00 / 3-14
(Time) (Date)

March 14, 2005

Kathleen C. Ely, Secretary

Phone: 444-4814



SENATE STANDING COMMITTEE REPORT

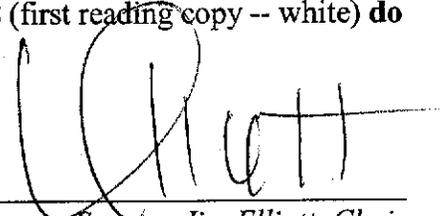
March 11, 2005

Page 1 of 1

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 48** (first reading copy -- white) do pass as amended.

Signed: _____


Senator Jim Elliott, Chair

And, that such amendments read:

1. Title, line 6.

Following: "SALARIES;"

Insert: "INCREASING THE CAP ON THE EXEMPT AGGREGATE MARKET VALUE OF CLASS EIGHT PROPERTY FROM \$5,000 TO \$20,000;"

2. Page 3, line 4.

Following: "~~taxation.~~"

Insert: "(5) The class eight property of a person or business entity that owns an aggregate of \$20,000 or less in market value of class eight property is exempt from taxation."

- END -

Committee Vote:
Yes 9, No 2.

541257SC.ssc





SENATE STANDING COMMITTEE REPORT

March 30, 2005

Page 1 of 2

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 213** (first reading copy -- white) **do pass as amended.**

Signed: _____

Senator Jim Elliott, Chair

And, that such amendments read:

1. Title, line 6.

Strike: "REMOVING THE EXEMPTION TO"

Insert: "ALLOWING"

Following: "CREDIT"

Insert: "TO BE USED"

2. Title, line 7.

Following: "FROM"

Insert: "CERTAIN"

Following: "AMENDING"

Insert: "SECTION 15-32-604, MCA,"

3. Title, line 9.

Strike: "REPEALING SECTION 15-32-604, MCA;"

4. Page 1, line 13.

Insert: "Section 1. Section 15-32-604, MCA, is amended to read:

"15-32-604. (Temporary) Limitation of credit.

Notwithstanding the provisions of 15-32-602 and 15-32-603, a tax credit may not be claimed for an investment in property used to produce energy from the following reclaimed material:

(1) hazardous wastes or substances as defined in 76-7-103;

(2) plastics; or

(3) used oil that exceeds the specifications established in

40 CFR 279.11. (~~Terminates December 31, 2005--secs. 5, 7, Ch.~~

Committee Vote:

Yes 6, No 5.

670950SC.sjo

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March 30, 2005

Page 2 of 2

398, ~~L. 2001.~~)"

Renumber: subsequent sections

5. Page 2, line 29.

Strike: section 9 in its entirety

Renumber: subsequent section

- END -

670950SC.sjo

Schmidt

PROXY VOTE

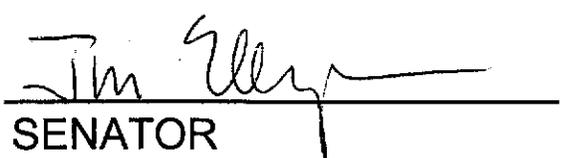
I, the undersigned, hereby authorize Senator Gillan to
vote my proxy on any issue before the Senate Taxation
Committee held on March 11,, 2005.

Schmidt

SENATOR
STATE OF MONTANA

PROXY VOTE

I, the undersigned, hereby authorize Senator Harrington to
vote my proxy on any issue before the Senate Taxation
Committee held on March 11, 2005.



SENATOR
STATE OF MONTANA

**MONTANA STATE SENATE
2005 LEGISLATURE**

ROLL CALL VOTE

TAXATION COMMITTEE

DATE 3-11-05 BILL NO. SB 133 NUMBER 1

MOTION: DO PASS AS AMENDED: GILLAN

NAME	AYE	NO
SEN. JIM ELLIOTT (D), CHAIRMAN		✓
SEN. KEN TOOLE (D), VICE CHAIRMAN		✓
SEN. JERRY BLACK (R)	✓	
SEN. JON ELLINGSON (D)	⓪	
SEN. JEFF ESSMANN (R)	✓	
SEN. KELLY GEBHARDT (R)	✓	
SEN. KIM GILLAN (D)	✓	
SEN. DAN HARRINGTON (D)		✓
SEN. SAM KITZENBERG (R)	✓	
SEN. TRUDI SCHMIDT (D)	⓪	
SEN. ROBERT STORY (R)		✓
LEE HEIMAN, LSD	—	
KATHLEEN ELY, COMMITTEE SECRETARY	—	
	7	4

MONTANA STATE SENATE
2005 LEGISLATURE

ROLL CALL VOTE

TAXATION COMMITTEE

DATE 3-11-05 BILL NO. SB 345 NUMBER 1

MOTION: FOR AMEND. ~~DO PASS AS~~ AMENDED
PASSED 6-5 (Strike sections 6,7)

NAME	AYE	NO
SEN. JIM ELLIOTT (D), CHAIRMAN	✓	
SEN. KEN TOOLE (D), VICE CHAIRMAN		✓
SEN. JERRY BLACK (R)	✓	
SEN. JON ELLINGSON (D)		(✓)
SEN. JEFF ESSMANN (R)	✓	
SEN. KELLY GEBHARDT (R)	✓	
SEN. KIM GILLAN (D)		✓
SEN. DAN HARRINGTON (D)		✓
SEN. SAM KITZENBERG (R)	✓	
SEN. TRUDI SCHMIDT (D)		(✓)
SEN. ROBERT STORY (R)	✓	
LEE HEIMAN, LSD	—	
KATHLEEN ELY, COMMITTEE SECRETARY	—	
TOTAL	(6)	5

**MONTANA STATE SENATE
2005 LEGISLATURE**

ROLL CALL VOTE

TAXATION COMMITTEE

DATE 3-11-05 BILL NO. SB 345 NUMBER 1

MOTION: TOOLE: DO PASS AS AMENDED

NAME	AYE	NO
SEN. JIM ELLIOTT (D), CHAIRMAN	✓	
SEN. KEN TOOLE (D), VICE CHAIRMAN	✓	
SEN. JERRY BLACK (R)	✓	
SEN. JON ELLINGSON (D)	ⓧ	
SEN. JEFF ESSMANN (R)	✓	
SEN. KELLY GEBHARDT (R)	✓	
SEN. KIM GILLAN (D)	✓	
SEN. DAN HARRINGTON (D)	✓	
SEN. SAM KITZENBERG (R)	✓	
SEN. TRUDI SCHMIDT (D)	ⓧ	
SEN. ROBERT STORY (R)	✓	
LEE HEIMAN, LSD	—	
KATHLEEN ELY, COMMITTEE SECRETARY	—	

**MONTANA STATE SENATE
2005 LEGISLATURE**

ROLL CALL VOTE

TAXATION COMMITTEE

DATE 3-11-05 BILL NO. SB 48 NUMBER 1

MOTION: DO PASS AS AMENDED

NAME	AYE	NO
SEN. JIM ELLIOTT (D), CHAIRMAN	✓	
SEN. KEN TOOLE (D), VICE CHAIRMAN	✓	
SEN. JERRY BLACK (R)	✓	
SEN. JON ELLINGSON (D)	ⓧ	
SEN. JEFF ESSMANN (R)		✓
SEN. KELLY GEBHARDT (R)		✓
SEN. KIM GILLAN (D)	✓	
SEN. DAN HARRINGTON (D)	✓	
SEN. SAM KITZENBERG (R)	✓	
SEN. TRUDI SCHMIDT (D)	ⓧ	
SEN. ROBERT STORY (R)	✓	
LEE HEIMAN, LSD		
KATHLEEN ELY, COMMITTEE SECRETARY		
TOTAL	9	3

**MONTANA STATE SENATE
2005 LEGISLATURE**

ROLL CALL VOTE

TAXATION COMMITTEE

DATE 3-11-05 BILL NO. SB 213 NUMBER 1

MOTION: TOOLE, BE AMENDED ~~21300~~ ~~21300~~ 21301.ah

NAME	AYE	NO
SEN. JIM ELLIOTT (D), CHAIRMAN	✓	
SEN. KEN TOOLE (D), VICE CHAIRMAN	✓	
SEN. JERRY BLACK (R)		✓
SEN. JON ELLINGSON (D)	Ⓢ	
SEN. JEFF ESSMANN (R)		✓
SEN. KELLY GEBHARDT (R)		✓
SEN. KIM GILLAN (D)		✓
SEN. DAN HARRINGTON (D)	✓	
SEN. SAM KITZENBERG (R)	✓	
SEN. TRUDI SCHMIDT (D)	Ⓢ	
SEN. ROBERT STORY (R)		✓
LEE HEIMAN, LSD	—	
KATHLEEN ELY, COMMITTEE SECRETARY	—	
TOTAL	6	5

**MONTANA STATE SENATE
2005 LEGISLATURE**

ROLL CALL VOTE

TAXATION COMMITTEE

DATE 3-11-05 BILL NO. SB 213 NUMBER 1

MOTION: BE AMENDED: TOOLE
21302.ah

NAME	AYE	NO
SEN. JIM ELLIOTT (D), CHAIRMAN	✓	
SEN. KEN TOOLE (D), VICE CHAIRMAN	✓	
SEN. JERRY BLACK (R)		✓
SEN. JON ELLINGSON (D)	Ⓚ	
SEN. JEFF ESSMANN (R)		✓
SEN. KELLY GEBHARDT (R)		✓
SEN. KIM GILLAN (D)		✓
SEN. DAN HARRINGTON (D)	✓	
SEN. SAM KITZENBERG (R)	✓	
SEN. TRUDI SCHMIDT (D)	Ⓚ	
SEN. ROBERT STORY (R)		✓
LEE HEIMAN, LSD	—	
KATHLEEN ELY, COMMITTEE SECRETARY	—	
TOTAL	6	5

