SENATE AGRICULTURE
EXHIBIT NO. 2
DATE 2-7-07
BILL NO. HB 269

MONTANA ASSOCIATION OF COUNTIES

2715 Skyway Drive
Helena, MT 59602-1213
(406) 444-4360
Fax (406) 442-5238
e-mail: maco@maco.cog.mt.us

DATE: January 18, 2007

TO: Representative Diane Rice

FROM: Harold Blattie, Executive Director
Montana Association of Counties
2715 Skyway Drive
Helena MT 59602
(406) 444-4360

RE: HB 269

The Montana Association of Counties wishes to voice the Association's support of HB 269.

In particular, we would like to support the repeal of Sections 7-22-2149 and 77-6-114 MCA, because neither can be implemented, therefore are rendered ineffective. Section 7-22-2149 requires the lessee of agricultural state land to be responsible for assessments and taxes levied by the board of commissioners pursuant to 77-6-114, which is also being repealed.

Section 77-6-114 requires the Land Board to include a provision in agricultural leases of state lands that the lessee will be responsible for the payment of assessments and taxes levied by a Board of County Commissioners for weed control, the same as for other lands within a district. The authority to levy taxes for weed control is found in 7-21-2142 MCA. The assessment is determined by applying the authorized number of mills to the taxable value of property.

Therein lies the ineffectiveness of both sections that are being repealed. The Department of Revenue does not appraise state lands; therefore there is no taxable value to apply the authorized mills against, in order to be able to determine the amount of the assessment to be billed to the lessee.

7-21-2142(1)(b) subject to 15-10-420 and at any time fixed by law for levy and assessment of taxes, **levying a tax of not less than 1.6 mills on the taxable value** of all taxable property in the county or by contributing an equivalent amount from another source of not less than the amount received from all county sources in fiscal year 2000 or, for first-class counties, as defined in 7-1-2111, the greater of the amount received from all county sources in fiscal year 2000 or $100,000. The tax levied under this subsection must be identified on the assessment as the tax that will be used for noxious weed control.

While one solution that could make these sections workable would be for the Department of Revenue to appraise all state lands, I believe the costs would outweigh the benefits. First, it would impose a significant burden upon the DOR to assess all state-owned lands in Montana. Secondly, in many, if not most, cases, the amount of tax that would be generated is less than the cost of even generating a tax bill. Below is an example, using a section of native pasture that lies immediately adjacent to a section of state land in Yellowstone County. I am familiar with this situation because I was the lessee of that section of state land for many years and a family member owns the adjacent section. Both the state land and adjacent private are native pasture and have very similar characteristics so I believe are a fair representation of determining the weed tax that could be levied on the state land, if an assessed value was available.

The Taxable Market Value of the adjacent private land is $27,178 (Source: Yellowstone County property tax and CAMA data). That amount, when multiplied by the conversion rate for 2006 of 3.14%, yields a Taxable Value of $853.39. When that taxable value has an assumed minimum mill rate of 1.6 mills applied, **the resulting total property tax that would be generated for the Weed Fund is $1.37.** This amount is less than the cost of administration.

I have copied the sections being repealed below for your reference and convenience.

7-22-2149. Responsibility for assessments and taxes for weed control levied on leased state lands. The lessee of agricultural state land is responsible for assessments and taxes levied by the board of county commissioners for the district as provided in 77-6-114.

77-6-114. Lessee responsible for assessments and taxes for weed control. It is the **duty of the board** in leasing any agricultural state land to **provide in the lease** that the **lessee** of any agricultural state lands lying within the boundaries of any weed management district **shall assume and pay all assessments and taxes** levied by the board of county commissioners for any district on those state lands, and the **assessments and tax levy must be imposed** on the lessee **as a personal property tax** and must be collected by the county treasurer in the same manner as regular personal property taxes are collected. **All lessees** of these state lands **are required** under the terms of the lease to **pay the assessment and tax levy at the same time and in the same manner as other regular personal taxes are paid.**