

MINUTES

MONTANA SENATE
51st LEGISLATURE - PRE-SPECIAL SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, Chairman, on June 16, 1989, at 11:00 a.m.

ROLL CALL

Members Present: Senator Brown, Senator Bishop, Senator Crippen, Senator Eck, Senator Gage, Senator Halligan, Senator Mazurek, Senator Severson, Senator Walker

Members Excused: Senator Hager, Senator Harp, Senator Norman

Members Absent: None

Staff Present: Jill Rohyans, Committee Secretary
Jeff Martin, Legislative Council

Announcements/Discussion:

Senator Brown said the meeting was open to discuss any of the proposed legislation the committee had heard in the past two days as part of the Joint House and Senate Taxation Committee hearings on proposed legislation for the special session. He again announced this is not a formal committee meeting, rather one for information and discussion prior to formal meetings which will commence June 19 with the opening of special session.

Senator Eck said she would like to see the committee sponsor a comprehensive study resolution for the interim dealing with tax reform.

Senator Gage said he has requested which would study everything from the university systems, school districts, counties, classifications of property - anything we need to look at is in the resolution.

Senator Eck said she had some data on Representative Cohen's retirement exemption bill. If pensions are increased 10%, they would be at a level equivalent to being tax exempt. PERS would cost \$3.4 and teachers \$4.7 million. The increase in state revenue would amount \$5.5 million, and the savings from federal employees that otherwise would not be taxed would be \$2.6 million. She said the employers contributions would

have to be worked out by an actuary, but felt the amount would still be less than the \$1 million differential.

Senator Crippen felt that approach is taking away with one hand and giving back with the other. He felt public employees would probably rather not have their income taxed than being taxed in a revenue neutral situation. There being no guarantee that once you start taxing it would remain revenue neutral.

Senator Brown said the advantage to that approach is not having to absorb the \$8 million impact. But that is balanced by the fact that this would not make the public at all happy.

Senator Gage presented the committee with a handout detailing the proposed foundation program funding based on a phase in of 45 mills mandatory and 10 mills permissive (Exhibit #1).

Senator Brown closed the meeting by asking the members for their utmost cooperation in the special session ahead, noting it will be tense and busy time. He said he felt it would be a good idea to exchange memos with House Taxation Committee in order to keep communication lines open and expedite action as rapidly as possible.

ADJOURNMENT

Adjournment At: 11:45 a.m.



SENATOR BOB BROWN, Chairman

BB/jdr

SS316MIN.STAX

ROLL CALL

TAXATION

COMMITTEE

50st LEGISLATIVE SESSION -- 1989

Date 6/14/89

NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	X		
SENATOR BISHOP	X		
SENATOR CRIPPEN	X		
SENATOR ECK	X		
SENATOR GAGE	X		
SENATOR HAGER			X
SENATOR HALLIGAN	X		
SENATOR HARP			X
SENATOR MAZUREK	X		
SENATOR NORMAN			X
SENATOR SEVERSON	X		
SENATOR WALKER	X		

Each day attach to minutes.



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VOTED LEVIES:

1ST YEAR 80% LOCAL 20% F.P.
2ND YEAR 60% " 40% "
3RD YEAR 40% " 60% "
4TH YEAR 25% " 75% "
1ST YEAR 100% LOCAL
2ND " 80% LOCAL 20% F.P.
3RD " 60% " 40% F.P.
4TH " " " "
1ST YEAR 100% LOCAL
2ND YEAR & THEREAFTER 80% LOCAL 20% F.P.
100% LOCAL.
VOTED OR PERMISSIVE
3RD YEAR - 85 MILLS
2ND YEAR - 75 MILLS
1ST YEAR - 6.5 MILLS
CURRENT FOUNDATION PROGRAM
45 MILL MANDATORY + 10 MILL PERMISSIVE

150% OF FOUNDATION SCH.

125% OF FOUNDATION SCH.

117% OF FOUNDATION SCH.

100% OF AVERAGE 1988 EXPENDITURES PER CLASS. THOSE DIST. WHO HAVE BELOW AVERAGE TAXABLE VALUE PER ANB WILL GET A STATE SUBSIDY TO GET TO THIS LEVEL.

PHASE IN SUGGESTIONS FROM CAGE.