

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
52nd LEGISLATURE - 2nd SPECIAL SESSION**

**COMMITTEE ON TAXATION**

**Call to Order:** By Chairman Dan Harrington, on July 16, 1992, at  
1:30 p.m.

**ROLL CALL**

**Members Present:**

Dan Harrington, Chairman (D)  
Bob Ream, Vice-Chairman (D)  
Ben Cohen, Vice-Chair (D)  
Ed Dolezal (D)  
Jim Elliott (D)  
Orval Ellison (R)  
Russell Fagg (R)  
Mike Foster (R)  
Bob Gilbert (R)  
Marian Hanson (R)  
David Hoffman (R)  
Jim Madison (D)  
Ed McCaffree (D)  
Bea McCarthy (D)  
Tom Nelson (R)  
Mark O'Keefe (D)  
Bob Raney (D)  
Ted Schye (D)  
Barry "Spook" Stang (D)  
Fred Thomas (R)  
Dave Wanzenried (D)

**Members Excused:** None

**Members Absent:** None

**Staff Present:** Lee Heiman, Legislative Council  
Jill Royhans, Committee Secretary

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

**Announcements/Discussion:** None

**EXECUTIVE ACTION ON HOUSE BILL 24**

**Motion:** REP. COHEN moved HB 24 DO PASS.

**Motion/Vote:** REP. COHEN moved to amend the bill as per the amendments on the attached standing committee report. He said the amendments are technical in nature.

Dave Woodgerd, Chief Counsel, Department of Revenue, (DOR), said the amendments clarify that the tax is paid for property tax purposes, clarify reporting requirements, and correct some drafting errors in payment dates.

The motion to adopt the amendments CARRIED unanimously.

**Discussion:** REP. COHEN explained the freight line company license tax is being challenged in court and it is likely DOR will lose the case. DOR maintains that freight line cars should be taxed the same way all other property is taxed in the state. This bill repeals the freight line company tax and taxes the company on their equipment and also imposes a corporate license tax on their profits.

**Vote:** REP. COHEN'S motion that HB 24 DO PASS AS AMENDED CARRIED unanimously.

**EXECUTIVE ACTION ON HB 52**

**Motion:** REP. COHEN moved HB 52 DO PASS.

**Discussion:** REP. COHEN said it is not necessary to exempt the Class 3 (agricultural land) from the bill. This bill accelerates the 3 year appraisal cycle. The notification process will be simplified and DOR will be better able to implement the reappraisal system

REP. DOLEZAL said he had checked with his County Assessor said the bill is sorely needed. The multiple appraisal notices are very confusing and without the bill "utter chaos" results in the counties. He supported the bill.

**Vote:** The motion that HB 52 DO PASS CARRIED unanimously.

**EXECUTIVE ACTION ON HOUSE BILL 57**

**Motion:** REP. COHEN said this bill changes the statutes relating to the tax appeal process. He presented amendments which clarify the appeal process beginning with the county assessor, proceeding to DOR, and then on to the tax appeal board (Exhibit #1). REP. COHEN moved the adoption of the amendments.

**Motion/Vote:** The motion to adopt the amendments CARRIED unanimously.

**Discussion:** REP. GILBERT said he doesn't really understand the amendments or the bill as well as he would like. He felt uncomfortable about adopting the bill until it is better understood by the Committee.

**Motion/Vote:** REP. HOFFMAN moved to TABLE HB 57.

**Vote:** The motion to TABLE HB 57 CARRIED on a roll call vote (Exhibit #2).

#### EXECUTIVE ACTION ON HOUSE BILL 27

**Motion:** REP. ELLIOTT presented proposed amendments which strip the bill and insert REP. SCHYE's HB 664 of the 1989 regular session. The amendments are made with the concurrence of REP. DAILY. The bill contains an alternative minimum tax on Montana individual income, with a minimum tax rate of 8.25%. There are still 20 - 25 people in the state earning over \$100,000 a year and not paying a cent in state income tax. The bill is a carbon copy of the federal codes minimum tax provision. REP. ELLIOTT moved to adopt the amendments as per the attached standing committee report.

**Discussion:** REP. GILBERT said he does not like the bill because he philosophically opposes an alternative minimum income tax. The main reason he objects to the bill is that it is essentially a new bill which did not receive a public hearing.

REP. HARRINGTON said HB 27 in its original form was an alternative minimum tax bill and these amendments do the same thing in a slightly different form.

REP. ELLIOTT said this is still an alternative minimum tax bill. The basic intent of these amendments is to make REP. DAILY'S bill somewhat more progressive as it originally imposed more of a hardship on lower and middle income class Montanans.

**Vote:** The motion to amend HB 27 CARRIED on a roll call vote (Exhibit #3).

**Motion/Vote:** REP. ELLIOTT moved HB 27 DO PASS AS AMENDED. The motion CARRIED on a roll call vote (Exhibit #4).

#### EXECUTIVE ACTION ON HOUSE BILL 54

**Motion:** REP. REAM moved HB 54 DO PASS.

**Discussion:** REP. REAM said he had just signed the fiscal note and it indicated a \$3.2 million increase in individual income tax.

**Jeff Miller, Income Tax Division, DOR,** said he wanted to clarify one provision of the bill. With the additions made on page 6, a lot of reliance is placed on calculating the percentage of the tax calculation being driven by income earned and attributable to activities in Montana as compared to everywhere. He then referred to page 12, line 9, saying the stricken language that is completely consistent with the new approach and theory of calculating nonresident income and should be reinserted in the bill. He said DOR would continue to say that interest income attributable to installment sales of Montana property is Montana sourced income. He asked for confirmation by the Committee that that is their intention as well.

**REP. REAM** said it is his intention. He said if there needs to be amendments to reinforce that intention he would be open to them.

**Mr. Miller** said he would suggest amending page 6 to say that Montana earned income would include interest on installment sales. That needs to be very explicit and is an issue that goes back many years and was specifically put in statute in 1985 to address the interest income issue.

**REP. REAM** said he would amend the bill on the floor of the House in order to expedite moving the bill out of Committee at this time.

**Vote:** The motion that HB 54 DO PASS CARRIED unanimously.

**CHAIRMAN HARRINGTON** announced the Committee would hear HB 29 and HB 63 at the same time.

#### HEARING ON HOUSE BILLS 29 AND 63

##### Presentation and Opening Statement by Sponsor:

**SEN. BROWN, District 2, Whitefish,** said he is presenting HB 29 at the request of **REP. MERCER,** sponsor of the bill, whose wife and sister-in-law were involved in an auto accident this morning. The bill is an amendment to Article 8 of the Montana Constitution to limit to 4% the rate of general statewide sales tax or use tax. It would also limit to 1% the rate of local government sales or use taxes. He said it is important to pass this bill during this special session because the constitutional amendment must be voted on in a November general election. Even if there is a difference of opinion about whether a sales tax should be passed or placed on the November election ballot, if there is to be a constitutional limit, the limit would have to appear on the ballot. The most common concern about a sales tax is the fear that it will tend to continually creep up. This is the case in

many states, in fact, some states have sales taxes in the double digit range. This bill is designed to coincide with the campaign proposals of both candidates for Governor, namely a 4% sales tax. They have both indicated the sales tax needs to go on the ballot for a vote of the people. This bill keeps the trust with the people of the state by putting the limit on the ballot either in tandem with a sales tax proposal or by itself so it is in place if a sales tax is voted on in the election next June. It is a matter of trust.

**REP. WALLIN, District 78, Bozeman,** sponsor of HB 63, said the two bills are worlds apart in philosophy and implementation.

**Proponents' Testimony:**

**SEN. CRIPPEN, District 45, Billings,** said he agrees with **SEN. BROWN's** remarks. The people deserve the assurance and protection that the Legislature will not increase a sales tax if it is enacted. The state is facing a deficit of \$300 - \$500 million in the general fund and school equalization fund, a \$450 million deficit in workers' compensation, and financial problems in the highway fund. It will necessary to increase the gas tax over the next five years by 50% just to maintain the current level. A sales tax would be a partial answer to this dilemma. But the people need the assurance that we will keep increasing the tax in order to solve all of our problems.

**Mark Racicot, Montana citizen,** presented his testimony in support of HB 29 (Exhibit #5).

**Dennis Burr, Montana Taxpayers Association,** spoke in support of HB 29. Tax reform is the largest issue in Montana and both gubernatorial candidates support a sales tax. Citizens want an assurance, before a sales tax is enacted, that the rate will not creep up year after year. This bill does not authorize any sales tax whatsoever.

**Opponents' Testimony:**

**Gordon Morris, Montana Association of Counties,** said he opposes HB 63. MACO supports a sales tax in conjunction with property tax relief and this bill does not provide that relief. In regard to HB 29, he said there are two local government jurisdictions that have enacted the resort tax district option for themselves. Madison and Gallatin recently passed a cooperative agreement and passed, by a vote of the people, a 3% sales tax. West Yellowstone also has a 3% sales tax. The 1% limitation jeopardizes both entities and takes away the prerogative of local officials to submit to their voters the question of a sales tax. He recommended striking the language pertaining to the 1% local government sales tax, the entire sentence regarding local government sales tax on line 17. and the references to 1% in the

ballot language.

**REP. BEN COHEN** spoke in opposition to HB 63. He said he is opposed to any measure that would raise sales tax revenue in his county and then distribute it across the state. Flathead County is greatly impacted by visitors and needs means of meeting those impacts. There should be a means of returning the revenue from a sales tax to the counties in which it is raised. He agreed with Mr. Morris' remarks regarding HB 29 and further suggested the language, "for allowing the establishment of a state sales or use tax which may not exceed 4% and allowing a local government sales or use tax which may not exceed \_\_\_%" (\_\_\_% to be determined by the legislature).

**Don Judge, Montana AFL-CIO**, said they oppose HB 63. The AFL-CIO opposes adoption of a sales tax. A sales tax is regressive, it falls hardest on those having the least ability to pay, workers, senior citizens, retirees, low income people. HB 63 imposes a sales tax with no other type of tax reform taking place. He urged the Committee to reject the bill. He presented the Committee with a copy of a resolution against the sales tax from the North Central Montana Central Labor Council (Exhibit #6).

**Dan Irving, Montana Association of Theater Owners**, expressed opposition to the bill. He said 68% of the tax would be paid by those least able to pay. Whenever a motion picture is brought into the state a tax is levied on the licensing agreement. This bill would result in double taxation which would ultimately be passed on to consumers. He recommended amending the bill to exempt the tax on admissions and license agreements.

**Questions From Committee Members:**

**REP. RANEY** said he was concerned that the 4% figure in HB 29 had been, in effect, "pulled out of the hat". He said if a sales tax is enacted he would be working for property tax relief which might require a 4.5% or 5% sales tax. He asked **SEN. BROWN** if this bill doesn't preclude looking at all the options for true tax reform legislation.

**SEN. BROWN** replied people are concerned that government and its spending ability is growing too large and too rapidly. The concept of the bill is to place a firm limit on that expansion. In combination with the local option tax, the limit would be 5%. He said the cap would limit tax reform in the area of a sales tax and the new revenue a sales tax would provide to state government to 4%.

**REP. ELLIOTT** asked if the tax would apply to materials used in new home construction.

REP. WALLIN said it would. Receipts from the sale of gas, water, electricity and telephone communications services would be exempt under terms of an amendment submitted by REP. WALLIN (Exhibit #7).

REP. ELLIOTT asked if REP. WALLIN would be open to an amendment regarding agent reimbursement.

REP. WALLIN said he would support that amendment.

REP. ELLIOTT asked Mr. Adams, Director, Department of Revenue, for an estimate of revenue HB 63 would produce.

Mr. Adams said they are working on a fiscal note, but since they just received the bill, they are not in a position to make such an estimate.

REP. ELLIOTT asked Lee Heiman, Legislative Council, why this bill took so long to come out of the Council as it was his understanding the bill was requested well before the session began.

Mr. Heiman said he could not answer that question.

CHAIRMAN HARRINGTON asked REP. WALLIN if it was his intent to further elaborate on the bill.

REP. WALLIN apologized for misunderstanding that he was to present the bill in conjunction with the presentation of HB 29. He said he gave a lot of thought to possible solutions to the deficit problem after the call was issued for the special session. After taking a poll of his constituents, he made the decision to introduce a simple, broad based 2% sales tax measure shortly before the session began. The only exemptions are for prescription drugs and medical care. At the beginning of session, he reviewed the draft and made a few drafting corrections, one of which was to insert an expiration date. The bill does not require a vote of the people. He said he did not introduce the bill until late in the session hoping matters would be resolved in a different manner.

REP. REAM asked REP. COHEN to clarify his preference for a change in the ballot language.

REP. COHEN said he suggested the language should read "for allowing the establishment of a state sales or use tax which may not exceed 4%" and "allowing a local government sales or use tax which may not exceed --%". The percentage of the local tax was left open for debate. He said if there were more time to work on the bill, he felt more acceptable wording could be used.

**REP. REAM** said this would allow the people to vote on the establishment of a 4% sales tax.

**REP. COHEN** replied there seems to be something askew with the wording as it stands. He felt we should determine if the voters want a sales or use tax and include the limiting language.

**REP. STANG** asked about the problem with the local government 1% cap as it relates to the communities that have already adopted a 3% resort tax. He said his community spent a great deal of money to enact the 3% tax. He wondered if there would be an objection to raising the 1% to 3% in the bill.

**SEN. CRIPPEN** replied the resort tax was enacted for specific communities. It is not a tax that any community can impose at any time. Because of that, the Legislative Council, in the 1991 session, ruled that any statewide authorization for a local option sales tax would be added on to whatever local tax was currently in place. The two taxes would be totally different entities.

**REP. STANG** asked if that opinion was issued for this bill in particular.

**SEN. CRIPPEN** said not particularly for this bill. He had discussed with the Council legal counsel how this bill and the resort tax would mesh. It was still the opinion of the legal counsel that the sales tax would be added on above the existing resort tax.

**REP. O'KEEFE** said the House Journal from March 29, 1989 shows that 48 out of 48 Republican members of the House voted against HB 269, a bill identical to HB 29, except that it is better written, includes expansion of sales taxes, the authority of the people to repeal sales taxes, and amended the Constitution. Several Democratic members of the House also voted against the bill. The arguments against the bill were that revenue production and raising was the job of the legislature and with no sales tax having been passed, there was no necessity for a bill such as this. He asked **SEN. BROWN** what the difference is the difference between **REP. MERCER'S** vote against the bill then and sponsorship of the bill now.

**SEN. BROWN** replied that he has no knowledge of the bill or of **REP. MERCER'S** intention at that time. He said **REP. O'KEEFE** indicated that was a better and significantly different bill with many different provisions. He answered he truly does not know.

**REP. WANZENRIED** asked **SEN. BROWN** if he would object to including specific exemptions in the language regarding the constitutional cap.

**SEN. BROWN** said that from a personal philosophy, he would not tax medicine and groceries. He said he would want to sit down and work out the specifics of such exemption language before committing one way or another.

**REP. DOLEZAL** questioned the sellers permit section of the bill. He asked if this meant everyone with a business in Montana would be required to get a sellers permit.

**Jeff Miller, DOR**, said that is how he interpreted that section. He estimated there could be between 80,000 and 100,000 registrants to be identified and registered under the terms of the bill.

**REP. DOLEZAL** asked if under the terms of Section 38, page, 30, people such as each artist at the Russell Auction in Great Falls would have to have an individual permit.

**Mr. Miller** replied affirmatively.

**REP. DOLEZAL** asked if one time fundraisers such as bake sales, Girl Scout cookies, etc. would be included.

**Mr. Miller** replied he would have to study that more carefully as special fundraisers are often excluded. He did not know if they were included or excluded in this bill. In answer to a further question, he said that DOR estimates that administrative costs would necessitate an appropriation of \$2.5 million in 1993 for immediate implementation of this bill if it were to pass. On a full year basis, the estimate would be approximately \$6.4 million.

**REP. ELLIOTT** asked if **SEN. BROWN** would be amenable to the people voting on the question of a sales tax in this bill.

**SEN. BROWN** said his idea was to place the question of whether or not to have a sales tax on the ballot this November so that decision could be made one way or another before the 1993 legislative session. He said if we do not pass the cap now, and a sales tax is passed in 1993, the people will just have to trust the fact that the legislature would not raise the sales tax at some future time. The only real way to keep faith with the people is to pass this bill now so it can appear on the November ballot. He said the question of amending the Constitution to indicate that a sales tax could only be enacted, ever, just by a vote of the people, is a separate issue and should be in a separate constitutional amendment.

**REP. REAM** asked if a definition of sales tax needs to be included in the bill in order to differentiate between a sales tax and a value added tax.

**SEN. BROWN** replied a value added tax is an invoice tax. It is a tax on the movements of goods and services before the retail sale. A sales tax is paid at the retail level and the purchaser knows what the tax is.

**REP. REAM** said the HB 63 definition sounds to him like a gross receipts tax.

**SEN. BROWN** said that if the HB 63 tax, whatever it is called, is collected at the retail level, over and above the purchase price, that would be what is commonly understood to be a sales tax.

**Closing by Sponsor:**

**SEN. CRIPPEN** closed on HB 29. He said the bill includes a limit which is just that. It is a limit and would not allow a higher level in order to eliminate personal property taxes. He said it would not be good constitutional law to add specific exemptions to the Constitution. That could result in the half the codes having to be amended into the Constitution. The cap does provide for limited flexibility. Regarding the use of the 1% local option tax being used in the county of origin, he said the legislature could make the decision as to how that 1% would be used. He said there is plenty of time to pass this bill in this special session. It is simply a protection for the people. **SEN. CRIPPEN** asked what specific sales tax would be established if the amendment proposed by **REP. COHEN** to "allow establishment of a sales tax" were adopted. The people are saying "we don't trust you". This bill is simply a protection for the people of Montana who have expressed a great deal of concern about the escalation of a sales tax should it be enacted. We have an opportunity to say to the people we are putting a stringent 4% test in the Constitution. The 1993 session will be a struggle and very difficult decisions will have to be made. This is an honest way to protect the people and create credibility for ourselves. This is what the people want, and we should give it to them.

**REP. WALLIN** closed on HB 63. He said he heartily supports HB 29. He said there are several sales taxes, such as the gasoline tax, that have been voted on by the legislature in the past and they were not voted on by the people. He said there is an immediate need for a modest 2% sales tax spread across most of the taxpayers. He said this bill might be the answer to the temporary deficit problem as it sunsets June 30, 1995. He said it would give time for other sales tax proposals, should they pass a public vote, to be carefully developed and implemented. He submitted a proposed amendment to the Committee (Exhibit #7).

The following people had misunderstood **CHAIRMAN HARRINGTON'S** call for both bills to be heard together and were allowed to place their names in the record as follows:

**Bob Ellerd, Bozeman,** support HB 63

**Gary Willis, Montana Power,** support the amendment to HB 63 exempting utility bills.

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE

7/16/92

NAME	PRESENT	ABSENT	EXCUSED
REP. BEN COHEN, VICE-CHAIRMAN	X		
REP. ED DOLEZAL	X		
REP. JIM ELLIOTT	X		
REP. ORVAL ELLISON	X		
REP. RUSSELL FAGG	X		
REP. MIKE FOSTER	X		
REP. BOB GILBERT	X		
REP. MARIAN HANSON	X		
REP. DAVID HOFFMAN	X		
REP. JIM MADISON	X		
REP. ED MCCAFFREE	X		
REP. BEA MCCARTHY	X		
REP. TOM NELSON	X		
REP. MARK O'KEEFE	X		
REP. BOB RANEY	X		
REP. BOB REAM, VICE-CHAIRMAN	X		
REP. TED SCHYE	X		
REP. BARRY "SPOOK" STANG	X		
REP. FRED THOMAS	X		
REP. DAVE WANZENRIED	X		
REP. DAN HARRINGTON, CHAIRMAN	X		

ADJOURNMENT

Adjournment: 3:00 p.m.

  
\_\_\_\_\_  
Rep. Dan Harrington, Chair

  
\_\_\_\_\_  
Jill D. Rohyang, Secretary

DH/jdr

HOUSE STANDING COMMITTEE REPORT

July 16, 1992

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that HB 21  
(first reading copy -- white) do pass as amended.

Signed:   
Dan Harrington, Chairman

And, that such amendments read:

1. Title, lines 7 and 8.  
Strike: "APPROPRIATING" on line 7 through "TAXATION;" on line 8
2. Page 1, line 22 through page 2, line 1.  
Strike: "To" on page 1, line 22 through "1993." on page 2, line 1
3. Page 11, line 5.  
Strike: "taxed"  
Insert: "assessed for property taxation"
4. Page 11, line 21.  
Strike: "used outside of the state"
5. Page 12, line 20.  
Strike: "determines that"  
Insert: "by administrative rule adopts"  
Strike: "should be applied"
6. Page 13, lines 14 and 15.  
Strike: "that" on line 14 through "taxes" on line 15
7. Page 13, line 17.  
Following: "delinquent"  
Insert: "and subject to penalty and interest under that section"
8. Page 14, line 13.  
Strike: "30"  
Insert: "31"
9. Page 14, lines 18 and 19.  
Strike: "as provided in [section 10]"  
Insert: "within 30 days after the tax notice is postmarked"

10. Page 15, lines 9 and 10.

Strike: "under the provisions of [section 10]"

Insert: "within 30 days after the tax notice is postmarked"

11. Page 16, lines 10 through 13.

Strike: section 15 in its entirety

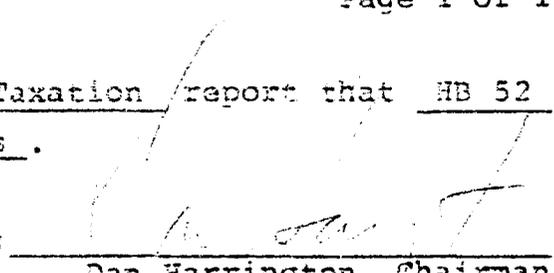
Renumber: subsequent sections

HOUSE STANDING COMMITTEE REPORT

July 16, 1992

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that HB 52  
(first reading copy -- white) do pass .

Signed:   
Dan Harrington, Chairman

HOUSE STANDING COMMITTEE REPORT

July 16, 1992

Page 1 of 3

Mr. Speaker: We, the committee on Taxation report that HB 27  
(first reading copy -- white) do pass as amended .

Signed:   
Dan Harrington, Chairman

And, that such amendments read:

1. Title, lines 4 through 13.

Following: "AN ACT"

Strike: "ESTABLISHING" on line 4 through "MCA" on line 13

Insert: "IMPOSING AN ALTERNATIVE MINIMUM TAX ON MONTANA  
INDIVIDUAL INCOME; SETTING THE ALTERNATIVE MINIMUM TAX RATE  
AT 8.25 PERCENT"

2. Pages 1 through 10.

Strike: everything following the enacting clause

Insert: " NEW SECTION. Section 1. Montana alternative minimum  
tax. (1) A minimum tax must be levied, collected, and paid  
for each tax year commencing after December 31, 1991, upon  
the income of every taxpayer subject to the provisions of  
this chapter.

(2) A person who is a resident of Montana shall file a  
Montana alternative minimum tax return if the person:

(a) is required by section 55 of the Internal Revenue Code  
to pay a federal alternative minimum tax; or

(b) has received interest from obligations of another state  
or political subdivision of another state that is exempt from  
taxation pursuant to section 103(a) of the Internal Revenue Code  
and the amount of interest exceeds:

- (i) \$40,000, if married and filing jointly;
- (ii) \$30,000, if single or head of a household;
- (iii) \$20,000, if married and filing separately.

(3) A person who is a nonresident or who is a part-year  
resident of Montana shall file a Montana alternative minimum tax  
return if the person has one or more tax preference items, as  
defined in sections 55 through 59 of the Internal Revenue Code,  
that are attributable to income derived from sources in this  
state and that income exceeds:

- (a) \$40,000, if married and filing jointly;
- (b) \$30,000, if single or head of a household;
- (c) \$20,000, if married and filing separately.

(4) For a resident, the taxpayer's federal alternative minimum taxable income, less the applicable exemption amount provided for in section 55 of the Internal Revenue Code, must be increased by the amount of interest received from obligations of another state or political subdivision of another state, which sum is reduced by the following:

(a) all interest received from obligations of the United States government;

(b) all railroad retirement benefits; and

(c) all income earned by an enrolled member of a federally recognized Indian tribe while living and working on a federally established Indian reservation.

(5) (a) For a nonresident or part-year resident, the taxpayer's federal alternative minimum taxable income, less the applicable exemption amount provided for in section 55 of the Internal Revenue Code, must be prorated to determine the Montana alternative minimum taxable income. The prorated income is calculated by dividing the Montana adjusted gross income determined pursuant to 15-30-131 by the federal adjusted gross income and multiplying this percentage by the taxpayer's federal alternative minimum taxable income.

(b) The taxpayer's prorated Montana alternative minimum taxable income is then adjusted to include the interest received from obligations of another state or a political subdivision of another state if the interest is used in a trade, occupation, or business carried on in this state.

(c) The taxpayer's prorated Montana alternative minimum taxable income is then reduced by:

(i) all interest received from obligations of the United States government;

(ii) all railroad retirement benefits; and

(iii) all income earned by an enrolled member of a federally recognized Indian tribe while living and working on a federally established Indian reservation.

(d) For residents, nonresidents, and part-year residents, a tax rate of 8.25% must be applied to the Montana alternative minimum taxable income. The taxpayer shall pay the greater amount of the Montana alternative minimum tax or the tax provided for in:

(i) 15-30-111, if a resident; or

(ii) 15-30-131, if a nonresident or part-year resident.

(6) Each taxpayer shall furnish with the Montana alternative minimum tax return a copy of the federal alternative minimum tax return.

NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, apply to [section 1].

July 18, 1991  
Page 2 of 3

NEW SECTION. Section 3. Effective date -- retroactive applicability. [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1991."

HOUSE STANDING COMMITTEE REPORT

July 16, 1992

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that HB 54  
(first reading copy -- white) do pass .

Signed: \_\_\_\_\_

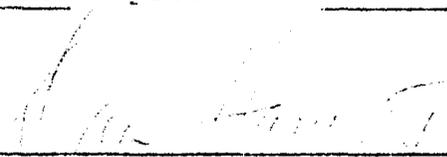
  
Dan Farrington, Chairman

EXHIBIT 1  
DATE 7/16/92  
HB 57

Amendments to House Bill 57  
Introduced Bill

Prepared by Department of Revenue  
July 16, 1992

1. Page 2, line 5.  
Following: "The"  
Strike: "~~county assessor~~"  
Insert: "county assessor"
2. Page 2, line 5.  
Following: "~~county assessor~~"  
Strike: "department"
3. Page 7, line 12.  
Following: "The"  
Strike: "~~county assessor~~"  
Insert: "county assessor"
4. Page 7, line 12.  
Following: "~~county assessor~~"  
Strike: "department"
5. Page 12, line 13.  
Following: "The"  
Strike: "~~county assessor~~"  
Insert: "county assessor"
6. Page 12, line 13.  
Following: "~~county assessor~~"  
Strike: "department"

EXHIBIT 2  
DATE 7/16/92  
HB 57

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 7/16/92 BILL NO. HB 57 NUMBER \_\_\_\_\_

MOTION: by Representative Hoffmann  
To Pass HB 57

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN		X
REP. ED DOLEZAL		X
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG		X
REP. MIKE FOSTER	X	
REP. BOB GILBERT	X	
REP. MARIAN HANSON		
REP. DAVID HOFFMAN	X	
REP. JIM MADISON		
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY		X
REP. TOM NELSON	X	
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN		X
REP. TED SCHYE		
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN		X
TOTAL	11	8

EXHIBIT 3  
 DATE 7/16/92  
 HB 27

HOUSE OF REPRESENTATIVES  
 TAXATION COMMITTEE

ROLL CALL VOTE

DATE 7/16/92 BILL NO. HB 27 NUMBER \_\_\_\_\_

MOTION: by Rep. Elliott to amend HR 27  
Carried

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG		X
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	13	8

EXHIBIT 4  
 DATE 7/16/92  
 HB 27

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 7/16/92 BILL NO. HB 27 NUMBER \_\_\_\_\_

MOTION: by Rep. Elliott that HB 27  
be passed as amended  
carried

NAME	AYE	NO
REP. BEN COHEN, VICE-CHAIRMAN	X	
REP. ED DOLEZAL	X	
REP. JIM ELLIOTT	X	
REP. ORVAL ELLISON		X
REP. RUSSELL FAGG		X
REP. MIKE FOSTER		X
REP. BOB GILBERT		X
REP. MARIAN HANSON		X
REP. DAVID HOFFMAN		X
REP. JIM MADISON	X	
REP. ED MCCAFFREE	X	
REP. BEA MCCARTHY	X	
REP. TOM NELSON		X
REP. MARK O'KEEFE	X	
REP. BOB RANEY	X	
REP. BOB REAM, VICE-CHAIRMAN	X	
REP. TED SCHYE	X	
REP. BARRY "SPOOK" STANG	X	
REP. FRED THOMAS		X
REP. DAVE WANZENRIED	X	
REP. DAN HARRINGTON, CHAIRMAN	X	
TOTAL	13	8

EXHIBIT 5  
DATE 7/16/92  
HB HB 29

House Bill 29  
Testimony of Marc Racicot

All of us agree that long-term tax relief must take place. Some of us disagree about the provisions and timing of that reform, but I am not here to talk about that today. I am here to urge the Committee and the Legislature to pass this bill introduced by Representative John Mercer and Senators Bob Brown and Bruce Crippen, to assure Montanans, should they ever approve a sales tax, that such a sales tax could not be increased by the Legislature at some future time.

We must reform our tax system so that Montana can grow again, so that we can attract jobs and encourage the kind of economic development that produces jobs and is acceptable to us. We must create a stable economy where businesses and families can plan beyond the next day.

Even though the Montanans I have spoken to and listened to throughout these last several months have overwhelmingly indicated a willingness to carefully consider true tax reform, they believe it must be based upon built-in spending restraint. They have almost unanimously expressed the fear that a new form of tax will only encourage more spending and that when that money runs out, the sales tax will simply be increased by the Legislature. Their fears are not without foundation.

That's why I urge this Committee to pass the constitutional cap I have proposed, and to pass it now in order to assure the people of Montana that any proposed sales tax will be capped. Such a cap on any sales tax will give Montanans the protection they deserve and demand. We have to provide this protective measure first, so that the the boundaries of the decision they will be asked to make are clearly defined and understood. The passage of this bill will give the people of Montana confidence that what they consider and approve by their vote on one day will not be changed by the Legislature the next.

I might also point out that the only time a consitutional cap referred by the Legislature can be considered by the people is at a general election. As a result, if this measure is not referred to the people for a vote this fall, we will have missed an opportunity to provide this taxpayer protection until the general election in 1994.

EXHIBIT 6  
DATE 7/16/93  
HB 69

**RESOLUTION 69**

WHEREAS, a sales tax is regressive, applying a flat percentage rate to everyone, no matter what they earn, which means that your share of income paid in a sales tax goes down as your income goes up; and

WHEREAS, a sales tax would provide "tax reform", by providing property tax breaks to the property-rich and placing more of the state's tax burden on workers, the middle class, retirees and the poor; and

WHEREAS, tourists would only pay 7% of the revenue collected by a sales tax, leaving the rest of the tab to be picked up by Montanans; and

WHEREAS, currently Canadians are flocking to Montana to look for bargains and avoid that country's 7% goods and services tax;

THEREFORE BE IT RESOLVED, that the North Central Montana Central Labor Council remains strongly opposed to a sales tax that would be regressive for Montana taxpayers and would negate the reason for thousands of Canadians and persons from Wyoming who now travel to Montana to spend their non-taxed tourist dollars here; and

BE IT FURTHER RESOLVED, that this resolution be submitted to the 36th annual convention of the Montana State AFL-CIO for its consideration and concurrence; and

BE IT FINALLY RESOLVED, that the Montana State AFL-CIO continues to actively oppose the sales tax as regressive and non-responsive to workers, senior citizens and low income people as well as a detriment to attracting out of state business to Montana.

SUBMITTED BY: North Central Montana Central Labor Council  
***ADOPTED BY THE 36TH ANNUAL MONTANA STATE AFL-CIO CONVENTION***

**RESOLUTION 31**

WHEREAS, the poor, the unemployed, the senior citizens are least able to pay the costs of supporting state government; and

WHEREAS, a sales tax shifts much of these costs to the least able to pay, forcing a tax increase upon them; and

WHEREAS, invariably a sales tax shifts the cost of government away from those best able to pay, and frequently is used to reduce taxes for large, out-of-state corporations and those best able to pay;

THEREFORE BE IT RESOLVED, that the Montana Family Union opposes any sales tax and the shift in tax burden onto the least able to pay; and

BE IT FINALLY RESOLVED, that this resolution be forwarded to the Montana State AFL-CIO for their reaffirmation at their 36th annual convention of the traditional opposition to a sales tax of the Montana State AFL-CIO.

SUBMITTED BY: Montana Family Union

***ADOPTED BY THE 36TH ANNUAL MONTANA STATE AFL-CIO CONVENTION***

EXHIBIT 7  
DATE 7(16)12  
HB 63

Amendments to House Bill No. 63  
First Reading Copy

Requested by Rep. Norm Wallin  
For the Committee on Taxation

Prepared by Robert Torres  
July 16, 1992

1. Page 13, line 15.

Following: "agencies"

Insert: " -- utilities"

Following: "."

Insert: " (1) "

2. Page 13, line 19.

Following: line 13

Insert: "(2) Receipts from the sale of gas, water, electricity,  
or telephone communication services are exempt from the  
sales tax and use tax."



HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER

House Taxation

COMMITTEE

BILL NO. HB 63

DATE 7/16

SPONSOR(S) HB 63 - Walden

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
DAN ERVING 311 9TH, Helena, MT.	Montana Assoc Theater Owners		X
Robert Allen - Brewer	Self	X	
Greenline S. Benmark	American Bus Assoc.		X
Mike Meravia	MEA		
Dor Judge	MT STATE AFL-CIO		X

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.