

1 House JOINT RESOLUTION NO. 69
 2 INTRODUCED BY TOWSE

3
 4 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF
 5 REPRESENTATIVES OF THE STATE OF MONTANA URGING THAT A
 6 COMPREHENSIVE STUDY OF MONTANA'S TAX STRUCTURE BE UNDERTAKEN
 7 AND ITS FINDINGS CORRELATED WITH EARLIER STUDIES.

8
 9 WHEREAS, no systematic and comprehensive review of
 10 Montana's tax structure has been undertaken since 1970; and

11 WHEREAS, new economic factors such as dwindling natural
 12 resources and steadily increasing population have
 13 significantly changed Montana's fiscal outlook in recent
 14 years; and

15 WHEREAS, a new tax, the coal severance tax, has been
 16 added to Montana's tax structure and is producing large
 17 amounts of new revenue; and

18 WHEREAS, the existing tax structure, designed for an
 19 earlier age, creates great inequities when applied to
 20 today's realities; and

21 WHEREAS, an unprecedented number of bills introduced in
 22 the current legislative session attempt to address the
 23 inequities in the tax structure but without reference to
 24 each other; and

25 WHEREAS, future legislative decisions would greatly

benefit by comprehensive and up-to-date information on
 Montana's tax structure and its effects; and

WHEREAS, the Legislature recognizes that a
 comprehensive study of the tax structure of Montana would
 require the Legislature to rely upon contracted research
 agencies as provided in 43-711 as well as regular
 Legislative Council staff.

8
 9 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE
 10 OF REPRESENTATIVES OF THE STATE OF MONTANA:

11 That the Senate and House of Representatives requests
 12 the Committee on Priorities to direct the interim
 13 subcommittee on taxation to conduct a study, under a special
 14 appropriation for that study, of the existing tax structure,
 15 estimated revenue from various types of taxes, the needs for
 16 new state revenue, and the effects on the Montana economy of
 17 the various revenue sources. The study should include but
 18 not be limited to estimated revenue from various taxes and
 19 rates, the progressive or regressive nature of each
 20 alternative type, the incidence of the tax burden upon
 21 persons in various income categories, the effect of
 22 excluding certain transactions from the tax, and alternative
 23 means of integrating each type of tax with other state
 24 taxes. The study should extend and bring up to date the data
 25 collected by the Montana Taxation Task Force and the Montana

HR 69

1 Fiscal Affairs Study and correlate its findings with those
2 of these two previous studies.

3 BE IT FURTHER RESOLVED, that the Department of Revenue
4 and the units of the Montana university system provide the
5 interim subcommittee with information and assistance in the
6 field of tax research, and make available to the interim
7 subcommittee, to the extent possible, the services of
8 persons knowledgeable in the field of taxation, public
9 finance, and economics.

10 BE IT FURTHER RESOLVED, that the interim subcommittee
11 appointed by the standing committee on taxation is requested
12 to submit a report of its findings, with recommendations, to
13 the 46th Legislature.

14 BE IT FURTHER RESOLVED, that the Secretary of State is
15 instructed to send a copy of this resolution to the Director
16 of the Department of Revenue and the presidents of the units
17 of the Montana university system.

-End-

STATE OF MONTANA

REQUEST NO. 498-77

FISCAL NOTE

Form BD-15

In compliance with a written request received February 14, 19 77, there is hereby submitted a Fiscal Note for House Joint Resolution 69 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This resolution urges that a comprehensive study of Montana's tax structure be undertaken and its findings correlated with earlier studies.

ASSUMPTIONS

1. The budget for the Research Division of the Department of Revenue will be approved as requested.
2. The Montana University System would offer the professional services of economists, mathematicians and public finance specialists to the proposed study at no additional cost to the State of Montana (e.g., the Bureau of Business and Economic Research, or the University of Montana faculty members who participated in studies for the former "Bureau of Quantitative Studies", could reduce the teaching responsibilities of selected faculty members and provide travel and per diem funds out of existing research budget)
3. The Legislative Council will be able to participate in the proposed study project without increasing its expenditures.

LONG-RANGE EFFECTS

Montana's fiscal condition could be enhanced by the enactment of well-researched recommendations and draft legislation contained in the proposed study of state taxation.

TECHNICAL NOTE

1. The Research Division of the Department of Revenue recognized the need for a study of the type described, and the Dept. of Revenue budget request for the agency included funds for conducting the study and publishing a report of the conclusions.
2. Assumption 2 is probably unrealistic. The Bureau of Business and Economic Research has indicated that its participation in such a project could cost \$100,000 to \$200,000. A major problem is the way in which the University treats "overhead charges" on research contracts. The preparer of this fiscal note has assumed that the advisory services of faculty members could be secured without contracting for them.

PREPARED BY DEPARTMENT OF REVENUE


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-14-77

Approved by Committee
on Taxation

House JOINT RESOLUTION NO. 69

INTRODUCED BY Towse

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA URGING THAT A COMPREHENSIVE STUDY OF MONTANA'S TAX STRUCTURE BE UNDERTAKEN AND ITS FINDINGS CORRELATED WITH EARLIER STUDIES.

WHEREAS, no systematic and comprehensive review of Montana's tax structure has been undertaken since 1970; and

WHEREAS, new economic factors such as dwindling natural resources and steadily increasing population have significantly changed Montana's fiscal outlook in recent years; and

WHEREAS, a new tax, the coal severance tax, has been added to Montana's tax structure and is producing large amounts of new revenue; and

WHEREAS, the existing tax structure, designed for an earlier age, creates great inequities when applied to today's realities; and

WHEREAS, an unprecedented number of bills introduced in the current legislative session attempt to address the inequities in the tax structure but without reference to each other; and

WHEREAS, future legislative decisions would greatly

benefit by comprehensive and up-to-date information on Montana's tax structure and its effects; and

WHEREAS, the Legislature recognizes that a comprehensive study of the tax structure of Montana would require the Legislature to rely upon contracted research agencies as provided in 43-711 as well as regular Legislative Council staff.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Senate and House of Representatives requests the Committee on Priorities to direct the interim subcommittee on taxation to conduct a study, under a special appropriation for that study, of the existing tax structure, estimated revenue from various types of taxes, the needs for new state revenue, and the effects on the Montana economy of the various revenue sources. The study should include but not be limited to estimated revenue from various taxes and rates, the progressive or regressive nature of each alternative type, the incidence of the tax burden upon persons in various income categories, the effect of excluding certain transactions from the tax, and alternative means of integrating each type of tax with other state taxes. The study should extend and bring up to date the data collected by the Montana Taxation Task Force and the Montana

HR 69

1 Fiscal Affairs Study and correlate its findings with those
2 of these two previous studies.

3 BE IT FURTHER RESOLVED, that the Department of Revenue
4 and the units of the Montana university system provide the
5 interim subcommittee with information and assistance in the
6 field of tax research, and make available to the interim
7 subcommittee, to the extent possible, the services of
8 persons knowledgeable in the field of taxation, public
9 finance, and economics.

10 BE IT FURTHER RESOLVED, that the interim subcommittee
11 appointed by the standing committee on taxation is requested
12 to submit a report of its findings, with recommendations, to
13 the 46th Legislature.

14 BE IT FURTHER RESOLVED, that the Secretary of State is
15 instructed to send a copy of this resolution to the Director
16 of the Department of Revenue and the presidents of the units
17 of the Montana university system.

-End-