

TAXATION COMMITTEE

Rep. Herb Huennekens, Chairman, called the organizational meeting of the Taxation Committee to order in room 434 of the Capitol Building, Helena, at 8:25 a.m. January 3, 1977. Members of this committee present were Rep. Herb Huennekens, District #68, Billings; Rep. Verner L. Bertelsen, District #27, Ovando; Rep. Jay Fabrega, District #44, Great Falls; Rep. Harrison G. Fagg, District #63, Billings; Rep. Peter J. Gilligan, Jr., District #38, Great Falls; Rep. Dan W. Harrington, District #88, Butte; Rep. Les J. Hirsch, District #52, Miles City; Rep. Edward Lien, District #49, Wolf Point; Rep. Warren O'Keefe, District #43, Great Falls; Rep. Elmer D. Severson, District #92, Stevensville; Rep. Robert Sivertsen, District #7, Havre; Rep. Jack Brian Uhde, District #17, Kalispell; Rep. John Vincent, District #78, Bozeman; Rep. Steve Waldron, District #97, Missoula; Rep. J. Melvin Williams, District #70, Laurel. Rep. E. N. Dassinger, District #50, Forsyth, was excused.

Other persons attending this meeting were Bill Groff, Director of the Department of Revenue; Dennis Burr, property tax division; John Clark, research division; Bob Cochran, attorney; and Laury Lewis, Deputy Director of the Department of Revenue; Kevin Vainio, researcher; and press representatives.

Mr. Bill Groff discussed Exhibit A, topic by topic. These are subjects the revenue department would like to have bills correcting or enacting various laws presented to this Legislature for their consideration.

1. Revenue department recommends a 25% penalty be imposed for underreporting inventories.
2. Recommend reserved right of entry exempted from taxation - pertains particularly to mineral rights.
3. Recommend a 6% reserve fund on delinquent taxes as being adequate.
4. Recommend gross income limitations required for filing income tax returns be raised from \$665 to \$720 for single persons, and from \$1330 to \$1445 for joint returns.
5. Recommend taxing new tax jurisdictions the following January.
6. Recommend exemption from taxation of one-half of gross proceeds up to \$20,000 on small coal producer's operations.
7. Because of receipts of statement of appeals in tax appeal cases is sometimes delayed or slow in delivery, longer time than 10 days between notice and hearing dates is recommended.
9. Recommend using one revolving fund for liquor division expenditure payments.
10. Recommend state tax deductions for political contributions be the same as is allowed by federal, which is \$200.

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12. For out-of-state debts, third-party collection agencies are recommended. A Uniform Judgments Act has been adopted by 44 states which provides debt collection reciprocity.

13. Recommend a license tax on kilowatt hours produced at the factory or plant since electrical energy sent out of state is not presently taxed.

14. Recommend micaceous mineral mines license tax be deleted. Rep. Fagg will report on a definition of "micaceous mineral"

15. Changing method of computation for license tax on cement and gypsum dealers is recommended.

16. Recommend changing rate of cement dealers license tax.

17. Recommend repeal of license tax of express companies.

18. Recommend repeal of license tax on telegraph companies.

19. Recommend repeal of the law setting the minimum prices charged on cigarettes since proving intent to lower prices is seemingly impossible.

20. A definition of what a dual well is is necessary because of the complicated way of computing tax. Is a well with one pipe into a lower oil field that is inside another pipe going to a different oil field, one well or two?

21. Recommend motor vehicles selling produce directly out of them be included in the definition of a store.

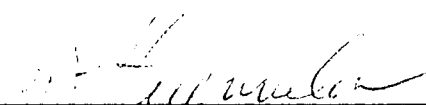
22. Recommend the consumer license tax be dropped, and the consumer advocate's office be funded by the Legislature.

23. Recommend federal language usage regarding divulgence of information on state income tax returns be used.

24. Recommend eliminating state funding of the Homestead Tax Relief Act, and that it be done by major taxing districts. Dept. of revenue will devise a form to be sent to house owners in the state, who must have it returned by March 31, 1977, to enable them to receive tax relief allowed on their homes.

Mr. Groff and other department of revenue personnel explained a bit about the history of taxation. Questions of equity of taxation valuation were raised. Reappraisal of all Montana property could be done in time for a November 1977 election, which if approved would not make it feasible for railroad taxes to be lowered to 20%.

Meeting adjourned at 11:30 a.m.



REPRESENTATIVE HERB HUENNEKENS,
Chairman.