

TAXATION COMMITTEE

The Taxation Committee was called to order by Rep. Herb Huennekens, Chairman, in room 434, Capitol Building, Helena, on January 6, 1977, at 8:00 a.m. All members were present except Rep. Robert Sivertsen who was excused.

Rep. Dorothy Bradley, sponsor of HJR 4, explained this resolution requested the department of revenue to more fairly allocate the income between a proprietor of a business and the proprietor's spouse when figuring income tax returns.

HJR 4

Proponents of the resolution testifying were Jon Wheeler, Helena, Sherman Veltkamp, Bozeman, CPAs.

Department of revenue representatives Bill Groff, Director, Howard Vralsted, Bob Corcoran, Attorney, explained that a 50/50 split of income tax liability would cost the state up to \$10 million dollars in revenue received. Their recommendation is that a law be enacted setting out how the income is to be split between a husband and wife, and on what basis of services rendered it should be figured. The federal tax return table used might be adopted.

Rep. Bob Marks, sponsor of House Bills 13 and 18, explained they are both introduced because of the recodification process. Roger Tippy, attorney for the Legislative Council, explained that HB 13 defines the word "person" for taxation statute purposes in Title 84 except chapters 15 and 49. No substantive changes have been made. No tax changes have been made on anyone.

13 and 18 House Bill 18 strips redundant matter from Title 84. Rates are not affected. Number of sections will be reduced to 3. Action on HB 18 can be taken without knowing outcome of other proposed legislation on repeal of some taxes included in HB 18.

Rep. Dorothy Bradley, sponsor of House Bill 47, explained this bill will allow a child care deduction to be continued on the state income tax return. The federal laws have been changed to disallow this deduction, and unless HB 47 is enacted, the deduction on the state return will not be allowed since the state return was based on federal rules which have been changed to allow a tax credit instead of a deduction for child care. HB 47 would allow continuation of this deduction on state income tax returns.

An amendment to Section 1 was proposed by Rep. Bradley stating: "(3) child and dependent care expenses determined in accordance with the provisions of Section 214 of the Internal Revenue Code of 1954 that were in effect for the taxable year that began January 1, 1974."

The meeting was adjourned, and the committee went into an executive session.

For clarification, after consideration of House Bill 20, the following amendment was moved by Rep. Edward Lien: Amend page 18, section 12, lines 7 through 9; following "eigarette"; strike "or unless the same shall be has been taken from the original package having affixed thereto the insignia required by this act,"; insert "taken from a package which does not bear the required insignia". Motion to amend carried. Rep. Lien moved that HB 20 AS AMENDED DO PASS. Motion carried unanimously.

Rep. E. N. Dassinger moved the following amendment be adopted in House Bill 26: "Amend page 4, section 2, subsection (6), line 3; following: "revenue"; strike "9fu". Motion on amendment carried unanimously.

House Bill 26 Rep. Dassinger moved that House Bill 26 AS AMENDED DO PASS. Motion carried unanimously.

House Bill 13 Rep. E. N. Dassinger moved that House Bill 13 DO PASS. Motion carried unanimously.

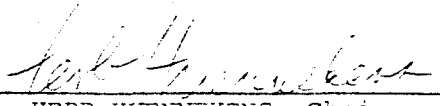
House Bill 18 Rep. E. N. Dassinger moved that House Bill 18 DO PASS. Motion carried unanimously.

House Bill 47 After consideration, Rep. Harrison Fagg moved that the proposed amendment offered by the sponsor be accepted. This motion was withdrawn.

Rep. W. Jay Fabrega moved that no action be taken on HB 47 until a fiscal note was received on HB 47. Motion carried with Reps. Harrington, Waldron, Dassinger, Huennekens voting No. HB 47 was held for further consideration.

Committee members were assigned to carry department of revenue proposed bills.

Meeting adjourned at 10:10 a.m.


 REP. HERB HUENNEKENS, Chairman.