

TAXATION COMMITTEE
45TH LEGISLATURE

Chairman Herb Huennekens called the committee to order at 8:00 a.m., January 19, 1977, in room #434, Capitol Building, Helena. All members were present. Bills to be heard were House Bills 157, 166, 168, 169.

Rep. Jack Moore, District #41, Cascade County, sponsor of HB 168, explained this bill allows the National Guard up to \$1,000 of guard pay as an exemption in computing net income. This would be an incentive for members to stay in the Guard and to recruit

HOUSE BILL new members. There are 3,000 National Guard members today out of 3400 authorized. The revenue loss for allowing a
168 \$1,000 exemption on National Guard earnings alone would be \$167,000 in 1978. They are 450 members short now in both Army and Air Guard. Guard pay is both state and federal.

Bill Groff, DOR opposes this legislation, stating that next session somebody else would want an exemption.

Howard Vralstad, DOR, advised the Montana teachers' income is totally exempt from state income tax.

Rep. J.D. Lynch, District #87, Silver Bow County, sponsor of House Bill 166, advised this bill could cut in half the present tax

HOUSE BILL being imposed on snowmobiles. These machines are in use only half a year. Something should be done with these snow-
166 mobiles at the present time. Has no objection to amending in boats.

There were no opponents.

Bill Groff didn't know what the taxes going to the county fund would be.

Rep. Steve Waldron, District #97, Missoula County, sponsor of House Bill 157, explained this bill adds a little additional wording to the law and refers specifically to the state tax return. This

HOUSE BILL bill provides specifically that the divulging of federal return information contained on a state tax return is un-
166 lawful. This wording is requested by the government. Courts can subpoena the state at any time.

Rep. Dan Harrington, District #88, Silver Bow County, explained House Bill 169 would change the law to the extent that schools can return the cars they use for school education classes as new cars rather than demonstrators. This would allow for the new car sales tax
HOUSE BILL to be imposed on the car.

169 Rep. Waldron supports this bill, saying car dealers are providing a service in loaning cars to school districts. This sales tax should not be their liability. Urges committee to give a Do Pass on this bill.

Gerald F. Raunig, Montana Auto Dealers Association, Helena, Montana, supports HB 169, and advised that cars are on a free loan basis. There are 340 cars in service now. The county treasurers insist that cars be titled, and sometimes these cars are returned with only 1,000

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miles on them. Thinks this bill will correct this problem. The committee feels it is important for traffic education in schools. This is going to hurt driver education programs if cars cannot be loaned. School pays for servicing cars. The original buyer will have to pay the sales tax.

EXECUTIVE SESSION

HOUSE BILL 106 - Rep. Waldron moved that HB 106 BE TABLED. Unanimously adopted.

HOUSE BILL 168 - Rep. Fabrega moved that HB 168 DO PASS. Rep. Sivertsen made a substitute motion to recommend DO NOT PASS. Rep. O'Keefe made a substitute motion for all motions pending that HB 168 be considered after information on how the National Guard is funded. The suggestion was made by Rep. Waldron that a raise in pay instead of a deduction of \$1,000 in income tax of guard pay only be made. Information on how the guard is funded will be studied by O'Keefe.

HOUSE BILL 166 - Rep. Fagg made a motion that HB 166 DO NOT PASS. Rep. Fabrega made a motion to recommend that HB 166 BE TABLED until other information is received in connection with this type of legislation since other bills are forthcoming. FOR TABLING 12-5.

HOUSE BILL 157 - Rep. Lien made a motion to recommend DO PASS for HB 157. Unanimously adopted.

HOUSE BILL 169 - Rep. Vincent made a motion to recommend HB 169 DO PASS. Approved unanimously.

HJR 4 - Rep. Lien recommended DO PASS. Rep. Vincent moved to defer action until a new fiscal note could be obtained with information as the committee wanted it determined instead of a 50-50 split across the board - more pertinent information.

Rep. Vincent moved to defer action on HJR 4 until a fiscal note from another source is received. A new note is to be requested from the budget office, and then from the legislative fiscal analyst. Unanimously approved.

HOUSE BILL 25 - Amendments were discussed, and some changed, as per copy attached. Rep. Williams made a motion that amendments as corrected for HB 25 be accepted. Adopted unanimously. Rep. Williams made a motion that HB 25 AS SO AMENDED DO PASS. All members voted yes. This bill will be held for other amendments.

HOUSE BILL 108 - Rep. Dassinger moved that page 1, section, line 23 be amended by striking "20" and inserting "15". This was unanimously adopted. (A day is a calendar day unless otherwise specified.)

Rep. Fabrega moved that the word "calendar" be inserted after "15". The vote showed 12 to 5 in favor of the addition.

Rep. Dassinger moved that on page 2, section 1, line 11, "15" be changed to "10" days. Rep. Fabrega made a substitute motion that "15" days remain in the bill. Motion carried with Dassinger, Lien, Sivertsen,

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and Bertelsen voting No.

Rep. Fabrega moved that the word "calendar" be inserted after the "15" days. The same vote as before was anticipated, so the motion was adopted.

Rep. Severson moved that HB 108 AS SO AMENDED DO PASS.

Rep. Vincent moved that page 1, section 1, line 21, have "15" stricken and "20" reinserted. Reps. Dassinger, Gilligan, O'Keefe, Williams and Lien voted No - motion carried.

Returning to the original motion of AS SO AMENDED DO PASS - motion was adopted unanimously.

HOUSE BILL 107 - Rep. Dassinger moved to recommend that HB 107 DO NOT PASS.

Rep. Sivertsen made a substitute motion that HB 107 DO PASS. Rep. Fabrega made a substitute motion for all motions pending that HB 107 BE TABLED. This motion was adopted unanimously.

HOUSE BILL 113 - Rep. Dassinger moved to recommend HB 113 amendments be adopted. All members voted Yes, except Rep. Waldron who voted No.

Amendment: "(c) If an owner fails to pay property taxes due and the penalties and interest incurred on that tax for two years, the county treasurer may take into his possession the mobile home or any other personal property in the hands of the delinquent taxpayer and proceed to sell them as provided in Chapter 58, Title 93."

Rep. Waldron moved that the "two" years in the amendment be changed to "three" years. Reps. Lien and Hirsch were out of the room, but all other members except Rep. Waldron voted No. Motion was defeated.

Rep. Waldron moved that action on HB 113 be deferred to a later date. Decision was unanimous in favor.

Committee adjourned at 11:00 a.m.



REP. HERB HUENNEKENS, Chairman