

TAXATION COMMITTEE
45TH LEGISLATURE

Rep. Herb Huennekens, Chairman, called the meeting to order at 8:00 a.m., January 25, 1977, in room #434 of the Capitol Building, Helena, MT. All members were present. Bills to be heard were HB 231, 264, 267, and 207.

Rep. Jack Moore, sponsor of HB 267, explained this bill would exempt the top \$3600 of gross income received by a retiree from any annuity or endowment under a formal retirement plan. The state would lose \$204-213 for each individual.

HOUSE BILL 267 This bill would benefit those persons who are not now receiving an income tax exemption from retirement benefits. Many other retirement funds are completely or partially exempt from income tax on retirement benefits. This is for a person who has worked under a corporation or business and would give him a tax break.

It is uncertain how many people would be affected. The Keogh plan and other such private plans would be included in this bill. The question of what is a "retired person" arose. This bill applies only to the retirement benefit portion of any income.

Rep. Harold Gerke, District #62, Billings, sponsor of HB 231, asked if this bill could be postponed and heard at another date in order to get all of the tax assessment amendments (6-8) prepared since they have become necessary after the bill was written.

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There were no opponents nor proponents of HB 231. Permission was granted to allow this bill to be rescheduled after amendments have been incorporated into it.

Rep. Dassinger, Chairman of the subcommittee on HB 70, reported what had been done in the subcommittee. Seventeen classes had been developed in order to keep the tax at its present level and remove one step in the tax figuring process. Montana Utilities Co. used the wording out of the Class 2 which applies to farm machinery for some boilers and equipment. The subcommittee have to find out if this wording as applied relates only to two counties or has been agreed upon by the department of revenue in some past proceedings. It will be changed by stating that it is a mistake, if it is; or if it is derived from a decision prior to this time, would have to along with that decision. The ratio of taxable value is to be the same as real value. One step would be taken out. This will set up a percentage of market value which would arrive at the same tax figure as it has been in the past.

Rep. Dan Harrington, District #88, Butte, stated that House Bill 264 had some errors in it. Through this bill people would have the privilege of developing the amount of gambling that they really want. They could have no gambling, or they could have what they wanted by voting on what they wanted.

HOUSE BILL 264 He doesn't feel that they are ready for the casino type gambling but that they do want some form of gambling through which they could gain. If the state isn't going to control gambling, let the counties control it. This would allow the people of a county to vote and adopt the type of gambling they want, or they could cut it off.

George Harper, 509 Logan, Helena, United Methodist Church, opposes HB 264 because of the mobility of people now. If one county had gambling, it would be easy with the ease of transportation we have for those of another county to go to the gambling county. See his testimony attached.

Jan Brown, Box 404, Helena, Montana Association of Churches, opposes HB 264 as per her testimony attached.

Tom Hocutt, 6250 N. Montana Ave., Helena, Montana, Southern Baptist Fellowship, opposes HB 264 because of the reasons stated in his testimony attached.

Tim Berry, Conference of Seventh-day Adventists, Helena, opposes HB 264 because he is opposed to any extension of gambling whatever. Probably this wouldn't put the state in the position of having a casino type of gambling, but would the possibility not be there? If the county wanted gambling, they could vote for that under this bill. There would be some jobs open up on this type of bill, but there would be so many more men and women lose their jobs because of the "gambling fever", so on a personal basis some jobs would be created and others would lose their jobs.

Rep. Harrington feels the people haven't had their voice heard as far as gambling is concerned since they mandated the Legislature to decide what gambling should be determined for the state.

The question of statistics bringing in other vices arose. Gambling doesn't produce any new revenue.

During Con-Con, the question of whether we should have a constitutional prohibition on gambling, or should it be left up to the Legislature and through that to the people, was considered. People expressed interest in some form of gambling, but the majority were not interested in the casino type. There is no law saying persons cannot gamble between themselves in natural groups such as clubs, etc., or between persons, but there is a difference between casino gambling and between persons themselves.

Sen. Neil Lynch advised that the FBI when asked if there is evidence of organized gambling coming into Montana, answered they had noticed no evidence. The chief of police in Great Falls advised that they noticed no unusual or criminal problems caused from the gambling as it is allowed today. No evidence so far anyway.

The committee went into executive session because the sponsor of HB 207 was delayed.

HOUSE BILL 194 - Rep. Melvin Williams moved to recommend HB 194 DO PASS. Motion failed by a 8-9 vote.

HOUSE BILL 264 - Rep. Dan Harrington moved to recommend that HB 264 DO NOT PASS. (Counties will control their own gambling if this bill passes.) Motion carried by a 12-4 vote.

HOUSE BILL 267 - Rep. W. Jay Fabrega moved to recommend HB 267 DO PASS. Rep. Robert Sivertsen moved a substitute motion that HB 267 DO NOT PASS. Rep. E. N. Dassinger moved that HB 267 BE DEFERRED. This latter motion was approved 13-4.

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HOUSE BILL 191 - Rep. Fagg moved that HB 191 BE TABLED. Unanimous approval.

HOUSE BILL 88 - Rep. E. N. Dassinger moved to recommend that HB 88 DO PASS. Rep. Fabrega moved to amend HB 88. Amendment was unanimously approved. Original motion was changed to AS SO AMENDED, DO PASS. This motion carried unanimously.

Copies of amendments can be found in the Standing Committee Reports in Book #1.

Rep. Dorothy Bradley, District #77, Gallatin County, sponsor of HB 207, explained this bill was for the purpose of calculating inheritance tax on the productivity capacity of a farm rather than on the market value. It also states who is eligible for a tax deduction when the land is kept in farm land by a related heir for 15 years after decedent's death. There is a roll-back tax if the land is not kept in agriculture. At the moment under current inheritance tax practices, quite often some of the land has to be sold or it has to be refinanced to pay the necessary taxes of inheritance. The purpose of this bill is to keep agricultural land in a family that has owned it previously and keep it in agricultural production.

HOUSE BILL 207

Tom Stoll, administrator of the inheritance division of the DOR, neither supports nor opposes HB 207. There are some mechanical difficulties with this bill with regard to statutes now on the books, especially in 91-4432, 91-4415 and 91-4416. There is some problem of discrepancy between HB 207 and 4416 in connection with liens. Terry Cohea was asked to look into these conflicts and report back to the committee.

Rep. Waldron requested reconsideration of the committee's action on HB 218. The committee granted approval, and HB 218 will be reconsidered.

Meeting adjourned at 11:15 a.m.

Herb Huennekens
REP. HERB HUENNEKENS, CHAIRMAN

Josephine Lahti
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