

TAXATION COMMITTEE
45TH LEGISLATURE

Rep. Herb Huennekens, Chairman, called the Taxation Committee to order in room #434, Capitol, Helena, at 8:00 a.m., February 10, 1977. All members were present. Bills to be heard were House Bills 706 and 712.

Rep. Robert Sivertsen, District #7, Hill County, chief sponsor of HB 706, said this bill would place renovations or new buildings in Class 9 for up to 5 years, giving a tax break that would allow for payments of cost. Some of these principles are in HB 630. He would like to see this bill go whether HB 630 goes or not. This will create employment and increase buying of repair materials.

HOUSE BILL

706

This bill repeals the incremental increases in value of real estate from repair or maintenance and substitutes any additions to existing improvements, which will be taxed at 7% for five years after its completion before reverting to Class four. Thus, the effective tax rate for five years would be 2.8%.

Tom Collins, Montana Association of Realtors, Helena, said it is just as cheap to buy a new house as it is to repair an old house. Recommends that HB 706 be passed.

Tom Winsor, Montana Chamber of Commerce, supports HB 706.

Gregg McCurdy, MACo, is opposed to lowering of tax break to Class 9. See his testimony in his letter attached. Because of this tax break not being used very much, he is not too opposed to HB 706.

Rep. Sivertsen closed saying that this tax break would stimulate further building, making for more employment and other advantages. This would provide long-term benefits when the tax base would be raised.

Rep. Harrison Fagg, District #63, Yellowstone County, sponsor of HB 712, said this bill allows a wheel tax of \$1.25 per wheel on vehicles whose owners live within the city limits to be levied for use in constructing and reconstructing of city streets. This tax would raise in the area of \$2 million which could be matched and make a total of \$18 to \$20 million which would stimulate road construction or reconstruction. This would apply to anything with wheels that runs on the highway.

HOUSE BILL

712

Gregg McCurdy, MACo, is a proponent. He thinks, since the wheel tax is to be collected by the county assessor, the county assessor should be paid for collecting the tax, as the money would go for city purposes.

OPPONENTS:

Larry Tobiason, Montana Auto Association, Helena, opposes HB 712, suggesting that it be amended to put the proposed tax to a vote of the people concerned.

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Earl Moritz, Highway Users, Lewistown, wants the local governing body to vote on whether the tax should be imposed. He is opposed to HB 712.

Rep. Fagg closed saying this would be a mere pittance for what it could stimulate.

The committee recessed to an executive session.

HOUSE BILL 706 - Rep. Sivertsen moved that HB 706 DO PASS. Rep. Fagg moved to replace all motions pending that HB 706 BE TABLED. This motion carried unanimously.

HOUSE BILL 70 - Rep. Dassinger made a motion to recommend HB 70 DO PASS. He further made a motion that the amendments to HB 70 as proposed be adopted. This motion was adopted unanimously. The committee wanted a reading copy of HB 70 with the proposed amendments incorporated, so no vote was taken on the motion of recommendation Do Pass.

HOUSE BILL 655 - Rep. Bertelsen moved to recommend HB 655 DO NOT PASS. Motion carried 13-1, with Rep. Dassinger voting No.

HOUSE BILL 635 - Rep. Fagg moved to recommend HB 635 DO PASS. Motion carried unanimously.

HOUSE BILL 595 - Rep. Fagg moved to recommend that HB 595 DO PASS. Motion carried unanimously.

HOUSE BILL 591 - Rep. Fabrega moved to recommend HB 591 DO PASS. Rep. Fabrega moved proposed amendments be adopted. Motion carried. Original motion was changed to HB 591 AS AMENDED DO PASS. Motion carried.

HOUSE BILL 531 - Rep. Lien moved to recommend that HB 531 DO PASS. Motion carried 9-8. There was a great deal of discussion on funding of this bill.

HOUSE BILL 389 - Rep. Fabrega moved HB 389 DO PASS. He further moved that proposed amendments be adopted. Motion to adopt carried unanimously. The original motion now read HB 389 AS AMENDED DO PASS. Motion carried with Rep. Uhde voting No.

HOUSE BILL 613 - Rep. Underdal moved to recommend HB 613 DO NOT PASS. Motion carried 13-1 with Rep. Williams voting No. Rep. Williams thinks someone should be working continuously on taxation problems.

HOUSE BILL 362 - Rep. Bertelsen moved to recommend HB 362 DO NOT PASS. Motion carried 11-3 with Reps. Vincent, Waldron, Uhde voting No.

HOUSE BILL 637 - Rep. Lien moved to recommend HB 637 DO PASS. Rep. O'Keefe moved an amendment be made allowing a deduction equal to 2% of the first 6¢ per gallon of the taxes paid by the dealer. Department of Highways estimates a rebate of \$120,000 to \$155,000. Rep. Williams moved action on HB 637 be deferred. This motion was approved.

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HOUSE BILL 527 - Rep. Fagg moved to recommend HB 527 DO PASS. After discussion; this bill was deferred.

HOUSE BILL 50 - Rep. Williams moved to recommend HB 50 DO PASS. He further moved that proposed amendments be adopted. Motion was unanimously adopted. The original motion was then AS AMENDED DO PASS, and was approved unanimously.

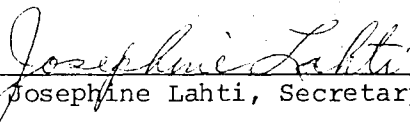
HOUSE BILLS 78 and 115 - Rep. Lien moved to recommend HB 78 and HB 115 BE TABLED. Motion carried unanimously.

Amendments to the above bills as approved can be found in the Standing Committee Reports in Book #1.

Meeting adjourned at 11:30 a.m.



REP. HERB MUENNEKENS, CHAIRMAN



Josephine Lahti, Secretary