

TAXATION COMMITTEE  
45TH LEGISLATURE

Rep. Herb Huennekens, Chairman, called the Taxation committee to order at 11:00 a.m., April 13, 1977, in room #434, Capitol Building, Helena. Reps. Gilligan, Harrington, Underdal, Williams were excused. All others were present. This was an executive meeting to act on Senate Bill 167.

Discussion by the committee and Sen. Rasmussen, sponsor of the bill, brought out SB 167 allows a recognized nonfossil form of energy generation installation in a dwelling purchased before 1982 to claim a tax credit equal to 20% of the first \$1,000 and 10% of the next \$3,000 of the cost of installation of the generator. This credit may be carried over to subsequent years if an individual's tax liability is less than the amount of the credit. The bill also allows a credit of 20% of the first \$3,000 and 10% of the next \$9,000 of cost and installation in a building other than a residence.

The bill provides for amortization of the adjusted basis of the energy system over a 60-month period. The bill applies to taxable years after 1976.

Some of the thoughts brought out by discussion were that people would put in solar heating systems whether the proposed credit incentive were allowed or not. Many people would not know about such a credit being available, and they might not apply for it. It would be a year or so before a house or building were built and could take advantage of such a credit incentive.

Rep. Mike Meloy's bill, House Bill 292, may be amended by the senate taxation committee, and the committee felt SB 167 should mesh with the Meloy bill. Both bills have tax deduction features in them. One or the other should be taken out.

It was suggested a limit of \$250,000 per taxable year credit be allowed for such installations. This would allow 500 installations annually. The DOR would have to keep track of this maximum figure in order not to allow an allowance of tax credits in excess of this amount. This could be done by requiring an application prior to installation to be made with the DOR to reserve space within the tax credit allowance. The maximum expenditure would be \$500,000 per biennium, allowing a \$500 credit for 1,000 installations.

The purpose of this bill is to try to get people to quit using fossil fuel. There is a business section allowance in this bill, and Sen. Rasmussen feels \$250,000 is too low a figure for total tax incentives per year - one industrial building could use a lot of this proposed incentive. The fiscal note isn't too accurate because there is not as much use of this credit as the fiscal note anticipates.

Rep. Harrison Fagg moved Senate Bill 167 BE CONCURRED IN. This bill is to be held in committee until it is known what will happen to HB 292. Motion carried unanimously.

Sen. Rasmussen agreed and said his concern is with the overall energy problem.

Meeting adjourned at 11:35 a.m.

  
REP. HERB HUENNEKENS, CHAIRMAN