

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 11, 1977

The third meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Mathers at 8:05 a.m.

ROLL CALL: Roll call found all members present with the exception of Senator Brown who was excused.

The following witnesses were present to testify:

Tom Windsor	Mont. Chamber of Commerce
Gail M. Stoltz	Mont. Farmers Union
Edward W. Nelson	Mont. Taxpayers Assoc.
Tom Stoll	Dept. of Revenue
Everett Snortland	Mont. Farm Bureau
Mons Teigen	Mont. Stockgrowers Assoc.
Terry Murphy	Senator, Dist. 40
Ed Jasmin	Mont. Bankers Assoc.
John Wheeler	C.P.A., Helena

Chairman Mathers opened the meeting by first explaining that the two bills being heard, Senate Bills 25 and 31, were the result of study the past summer by the Subcommittee on Taxation. He introduced Researcher Terry Olcutt Cohea who had worked with the Subcommittee, and who gave a brief explanation of the bills. Chairman Mathers presented committee members with copies of the Montana Inheritance Tax booklet.

CONSIDERATION OF SENATE BILL 25: Chairman Mathers, sponsor of this bill, discussed it briefly, saying that although the bill would cost the state \$5 million in lost revenue, he felt the bill would be more equitable to the people and he thought this most important.

CONSIDERATION OF SENATE BILL 31: Senator Watt said his bill was explained in the MIT booklet and would lower inheritance taxes also, but less than SB25. He continued, stating that sometimes when family farms were transferred to the heirs the inheritance tax invokes a hardship on the survivors and although they could find no instances on record of the farm actually being lost due to the tax, he felt that something should be done to alleviate the tax burden when family farms ranches, small businesses, are passed on to heirs.

Chairman Mathers then asked for questions and following clarification of present Montana inheritance tax laws for committee members benefit, the Chairman called for testimony from the witnesses.

Mr. Teigen was first to testify, saying he favored SB25 and 'lightly' opposed SB31. He felt that inheritance taxes were necessary, and worked toward breaking up some of the overly large estates.

Mr. Nelson testified next and neither supported nor opposed the bills, but agreed with Mr. Teigen, stating further that he felt capital invested whether in a farm, ranch or small business, should be protected and did not feel it was right that additional capital should have to be borrowed to maintain the business, referring to the position that some heirs find themselves in, of having to borrow to pay inheritance taxes.

Mr. Snortland concurred with the testimony of Teigen and Nelson and said he supported SB25 and would go along with SB31 if necessary. Ms. Stoltz distributed copies of her testimony, Exhibit #1, attached, stating the Farmers Union supported SB31 and appreciated the work of the Subcommittee on Taxation.

Sen. Murphy appeared in behalf of SB31 and said he had several amendments to propose to the bill, saying he felt the exemptions were too low as the bill appears. Mr. Jasmin next spoke and said he thought SB25 would greatly simplify preparing the Montana inheritance tax returns. He cited instances of retired couples moving to other states because of this state's inheritance tax laws and he felt some of this could be remedied. Mr. Windsor also spoke saying they favor both bills but like SB25 because of increased tax relief and clarity.

Chairman Mathers invited others present to speak and Mr. Stoll said the Department agreed with SB31 and opposed SB25 not only because of the greater loss of revenue, but also because there were problems in the bill, such as no penalty provision, no filing date and several other details.

The Chairman than asked members if they had questions of any of the witnesses and during the ensuing discussion it was noted that the Fiscal Note for the bills was not yet available. Sen. Towe asked about the feasibility of going 'piggy back' on the Federal inheritance tax laws and this was discussed by members. Mr. Wheeler joined in the discussion saying he liked the concept of tying the tax with the Federal tax laws. Sen. Turnage said that since the Federal law was quite new, it might be advisable to wait and see what problems might arise before tying into it, with Montana's inheritance tax laws.

Arising from the discussion were suggestions by Sen. Manning to have the two bills, SB25 and 31, studied further, particularly in relation to their cost to the state, and too, Sen. Towe is to work on a 'piggy back' bill, as he termed it. No action therefore was taken on either of the two bills at this time.

A move to adjourn was made by Sen. Norman, seconded by Sen. Manning.



WILLIAM MATHERS

CHAIRMAN

DATE 1/11/77

[illegible]

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY