

MINUTES OF THE MEETING
FINANCE & CLAIMS - TAXATION
MONTANA STATE SENATE

January 12, 1977

A joint meeting of the Senate Taxation and the Finance and Claims committees was held in Room 415 of the State Capitol Building on the above date, the meeting called to order at 8:00 a.m. by Taxation Committee Chairman Mathers.

ROLL CALLS: Roll call found all of the Taxation Committee members in attendance. Two members of the Finance and Claims Committee were absent, Sens. Lockrem and Mehrens and three were excused, Sens. Stephens, Ed Smith and Roberts.

Chairman Mathers brought the meeting to order and explained to the committee members and the others in attendance that the purpose of the meeting was to give John LaFaver, Legislative Fiscal Analyst, an opportunity to present to the committees a preview of the Budget Analysis, also to answer any questions they might have in regard to state finances.

Mr. LaFaver introduced several of his staff including Bill Gosnell, Judy Rippingale and Curt Nichols, Fiscal Analysts.

Mr. LaFaver then went through the Budget Analysis booklet that had been prepared by his office, explaining the proposed budget, amounts saved under previous budgets and the way these amounts may be allocated under their recommendations. He compared figures from the Legislative Analyst's office with that of the Executive, relating as well some of their recommendations.

He continued, saying it is most difficult in these inflationary times to predict with a high degree of accuracy state revenues, and cited in particular how the surplus in the state's General Fund came about. He said that there were three sources of revenue that proved difficult to accurately forecast, specifying the unexpected increase from interest on investments, revenues from oil production in the state, increase in personal incomes. He said this year there is anticipated decrease in farm income due to lower wheat prices, however cattle prices are expected to be somewhat stronger and farm income in Montana is an important factor in predicting state income figures, thus affecting state revenues.

Senator Towe questioned Mr. LaFaver regarding Coal Tax figures and how the coal revenues had been divided. Mr. LaFaver also stated that one of the major coal companies had lowered their estimates of production since the last legislative session, thus revenues will not be the same as was predicted previously.

Sen. Turnage then raised the question of tax revenues when the reappraisals being conducted by the Department of Revenue are completed, and noting that only about 20% of property in the state, this being largely residences, will have the higher reappraisal value, leaving 80% of the property not having this new reappraised value. Senator Brown raised a question regarding the surplus in the General Fund and how the fund decreased when there had been no legislative session, and no additional appropriations had been made. Chairman Mathers also questioned Mr. LaFaver regarding the Foundation Program.

Other questions were raised by Senator Thiessen, Finance and Claims Chairman, regarding the surplus, also Senator Himsel, who again raised the question of the reappraisal of property, referring in particular to his area of the state. Sen. Himsel felt this should be looked at more closely and Mr. LaFaver responded by saying that this was indeed a problem, since appraised values in some of the areas of the state would be considerably higher than in other portions of the state.

Sen. Towe then asked about the proposed decreases in budgets for some of the state institutions and what provisions had been made for these surplus funds being then transferred to the areas where the former institution residents would be transferred through the Developmentally Disabled and Social Rehab Services programs. Mr. Nichols responded to Sen. Towe's questions in this regard.

Following this discussion, Chairman Mathers again asked all committee members if they had further questions of Mr. LaFaver or his staff, and there being none, the meeting was adjourned.

ADJOURNMENT: Sen. Manning moved the meeting adjourn and the motion was seconded by Sen. Roskie.


WILLIAM MATHERS CHAIRMAN