

TAXATION COMMITTEE
MONTANA STATE SENATE

January 26, 1977

The eleventh 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 8:00 a.m.

ROLL CALL: Roll call found all of the members present with the exception of Sens. Brown and Goodover who were excused.

The following witnesses were present:

Morris Brusett	Legislative Auditor
Ed Nelson	Mont. Taxpayers Assoc.
Frank Kerins	Carroll College
Everett L. Lynn	Self
James M. Hunter	"
Howard O. Vralsted	Dept. of Rev.
Wm. Groff	"

CONSIDERATION OF SENATE BILL 100: Sen. Turnage said this bill originated after a study by the Legislative Audit Committee and its purpose is to codify what the practice has been in the Department of Revenue. He stated that declarations of estimated income tax have no clear penalty provision and therefore, none has been applied. The Department has been unsure of their authority in the matter and so no penalty has been made. The bill thus removes these ambiguities, he concluded, but applies only to such estimates. Following his presentation, Mr. Brusett stated he was present if the committee should have questions regarding the proposed legislation.

Chairman Mathers then asked if there were other proponents or opponents to the bill and then permitted questions from the committee. Mr. Groff volunteered that the bill is in actuality a clarification bill only. The Chairman then concluded testimony on the bill, there being no further discussion.

DISPOSITION: Sen. Turnage then Moved SB100 Do Pass. The motion was seconded by Sen. Watt. A roll call vote was taken and the motion carried by an 8-0 vote.

CONSIDERATION OF SENATE BILL 81: Sen. Dunkle then presented his bill which he said was to provide for a deduction in income for moneys spent on secondary education. He stated the cost of education had increased and he felt the average family should receive assistance in this way. He said he realized that it would have an impact on the state, as far as revenue lost, but felt that families with youngsters in school needed a break such as this legislation would accomplish. Mr. Kerins spoke also in support of the bill.

Mr. Hunter then rose in opposition to the bill, saying there was nothing in the bill about eligible schools, leaving it wide

open for any kind of training school. He stated further, that it appeared from the Fiscal Note that the average family would save only \$16 to \$24 per year; however, people in higher income brackets, those who often send their children out of state to school, would receive the biggest benefit. Mr. Lynn also spoke in opposition, citing certain portions of the bill which did not definitely pin down 'student fees;' he stated the figures in the Fiscal Note did not appear consistent, and felt that as it favored out of state students more, revenues were being lost to Montana. Mr. Groff then spoke, to point out several weak points of the bill and said they should be more clear-cut if the committee wished to consider the legislation. Mr. Vralstad also mentioned an amendment to the effective date, Exh. #1, attached.

Chairman Mathers then asked for other witnesses and there being none, permitted Sun. Dunkle to make his closing remarks. He stated that his bill could be amended on several points and thought the committee should consider giving assistance to the parents of young people in colleges and similar schools.

The Chairman then permitted questions from the committee and the members discussed certain parts of the bill, attempting to amend it to clear up inconsistencies. It was mentioned that certain schools should perhaps not be considered when deducting tuition paid, however Sen. Dunkle made the point that he felt the primary purpose of the bill was to encourage the training of young people for occupations, whether in beauty school or in a highly technical engineering school, by the tax deduction in the legislation. Since there were a number of amendments that the committee felt must be made before they could consider taking executive action on the bill, Sen. Dunkle was instructed to consult with the Department of Revenue officials and attempt to draw up some of the amendments discussed, for the committee's consideration. These will be presented to the committee.

CONSIDERATION OF SENATE BILL 1: Sen. Dunkle said this bill provided taxpayers with an increase to \$1,000 as a tax deduction when computing net income for state tax purposes, over the present \$650. Mr. Nelson said his association strongly supports SB1 and said there were several bills on this subject and felt that some effort should be made to help taxpayers in the state.

Chairman Mathers asked for other proponents of the bill and there being none, asked for opponents to give testimony. Mr. Groff said that it would indeed be 'nice' to give the taxpayers of the state a break and agreed with Sen. Dunkle that it would be most desirable if money could be saved from the budgeting in the various state departments. However, he said the Legislature appropriates funds for the various departments and if tax revenues are lost to the state, they must be made up for through another means of taxation, citing property tax as the most likely.

The meeting was then opened for questions by the committee and discussion continued on problems of tax relief and the fact that the balance must be maintained. Since it was brought out that a number of such tax relief measures are being introduced in the House as well, the Chairman thought that the committee

might like to consider all such bills before action is taken on any particular bill.

The Chairman then reminded the committee that SB61 had been passed out by the committee on the previous day, As Amended, Without Recommendation, but the amendment, a matter of correction, had not been officially adopted.

DISPOSITION: Sen. Towe made the Motion To Reconsider the action on SB61. The motion was seconded by Sen. Turnage and motion carried.

Sen. Towe then Moved to Adopt Amend. #1 for SB61. His motion was seconded by Sen. Turnage and motion carried.

The committee then voted unanimously to send the bill out with the same vote as before, As Amended, Without Recommendation, as the result of their 5-5 tie vote. This motion was moved by Sen. Watt, seconded by Sen. Turnage; motion carried.

Chairman Mathers then announced to the committee that they would meet Saturday morning, January 29, at 8:00 a.m., at which time SB44, previously heard, and other related coal bills, will again be discussed and perhaps executive action may be taken. The Coal Tax Oversight Committee and its future will also be considered at this time.

The Chairman than asked the committee if they wished to take any action on others of the bills previously heard.

DISPOSITION: Sen. Turnage Moved SB90 Do Not Pass. The motion was seconded by Sen. Roskie and the roll call vote showed a vote of 6-3, motion carrying.

Following disposition of this bill, Sen. Norman moved for adjournment, seconded by Sen. Manning; the motion carried.


WILLIAM MATHERS CHAIRMAN

Encl #1

Senate Bill No. 81

In order to avoid confusion and controversy as to the taxable year with respect to which the deduction provided for in this bill becomes allowable, a separate section should be added providing an effective date. The Department of Revenue suggests an amendment providing as follows:

Section 2. Effective date. This act shall become effective upon passage and approval and shall apply to taxable years beginning after December 31, 1976.

SENATE COMMITTEE TAXATION

Date 1/26/77 Sen. Bill No. 90 Time 9:20

NAME	YES	NO
SEN. WATT		✓
SEN. BROWN	✓	
SEN. GOODOVER		
SEN. HEALY		✓
SEN. MANNING	✓	
SEN. NORMAN	✓	
SEN. ROSKIE	✓	
SEN. TOWE	✓	
SEN. TURNAGE	✓	
CHAIRMAN MATHERS		✓
	6	2

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: SB 90 Do Not Pass

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date 4/26/77 Sen Bill No. 100 Time 8:15 a.m.

NAME	YES	NO
SEN. WATT	✓	
SEN. BROWN	<i>absent - excused</i>	
SEN. GOODOVER	<i>absent - excused</i>	
SEN. HEALY	✓	
SEN. MANNING	✓	
SEN. NORMAN	✓	
SEN. ROSKIE	✓	
SEN. TOWE	✓	
SEN. TURNAGE	✓	
CHAIRMAN MATHERS	✓	
	8	0

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: Hand-Do Pass

(include enough information on motion--put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

.....January 26..... 19⁷⁷.....

MR. PRESIDENT.....

We, your committee on TAXATION.....

having had under consideration SENATE..... Bill No. 61.....

Respectfully report as follows: That.....SENATE..... Bill No. 61,.....

introduced bill, be amended as follows:

1. Amend title, line 6.

Following: "SECTIONS"

Strike: "84-1832.1"

Insert: "84-1847"

2. Amend page 1, section 2, line 11 through line 7 on page 2.

Following: "Section 2."

Strike: line 11 through line 7 on page 2 in their entirety

Insert: "Section 84-1847, R.C.M. 1947, is amended to read as follows:

"84-1847. Gasoline license tax--amount. Every distributor shall pay to the state department of revenue a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to one-cent-~~{1¢}~~ cent for each gallon of aviation gasoline, which shall be allocated to the aeronautics commission, as provided by section 1-501, R.C.M. 1947, as amended, and seven-and-three quarters-cents-~~{\$-073/4}~~ 9 cents for each gallon of all other gasoline distributed by him within the state and upon which the gasoline ~~license tax~~ has not been paid by any other distributor. Gasoline exported or sold for export out of the state of Montana shall not be included in the measure of the distributor's license tax."

AS AMENDED,

WITHOUT RECOMMENDATION

STATE PUB. CO.
Helena, Mont.

.....
WILLIAM MATHERS

.....
Chairman.

STANDING COMMITTEE REPORT

JANUARY 26 1977

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 90

Respectfully report as follows: That SENATE Bill No. 90

DO NOT PASS

DO NOT PASS

G.A.

WILLIAM MATHERS

Chairman.

STANDING COMMITTEE REPORT

.....January 26..... 19 77.....

MR. PRESIDENT.....

We, your committee on TAXATION.....

having had under considerationSENATE..... Bill No. 100.....

Respectfully report as follows: That.....SENATE..... Bill No. 100.....

DO PASS.....

PA