

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 25, 1977

The thirtieth meeting of the Taxation Committee was called to order on the above date by Chairman Mathers in the Department of Revenue conference room of the Mitchell Building, at 8:20 a.m.

ROLL CALL: Roll call found all members present with the exception of Sen. Healy.

Mr. Groff, D.R. Director, distributed computer printouts, see Exh. #1, attached, which showed a comparison of present and proposed tax schedules for singles, married people filing separately and jointly and filing separately now and jointly under changes proposed in SB60. He introduced Mr. Clark who went through the charts and explained the differences in revenue the state would receive under this legislation. He said SB60 appears to be a revenue-losing measure until you look at the married, filing separately charts, where an increase is noted in nearly all brackets. He said it does change Montana's tax picture significantly. He said too that under several of the bills that have been proposed, it is a guess as to whether people will benefit more by filing separately or jointly, and they had attempted to estimate revenue gains and losses, but if the tax savings were significant, it was certain that couples would file by the method that would save them the most.

Chairman Mathers questioned the Department representatives if they had worked out the charts with the \$35 and \$41 credits as well as the \$750 exemption, as are proposed in several of the bills that have been heard and remain in the committee. Mr. Winn also gave input into the discussion, answering some of the questions posed.

The Chairman questioned the representatives, asking if the committee went with SB394, which gave an exemption of \$750 per person, and SB60, if the decrease in revenue be as great as as the Fiscal Note showed. Mr. Winn thought the loss would be slight, perhaps about 1%. Mr. Vralstad also entered the discussion.

Sen. Norman asked about the advantages and disadvantages of deductions versus credits and Mr. Groff replied that low income brackets receive a small break from deductions and higher brackets are hit higher, whereas the credit system benefits the higher income bracket, generally.

The Chairman, in an effort to bring the committee to a decision, asked them if they embraced the idea contained in Sen. Watt's bill, SB60. The 'piggy-back' approach of Sen. Towe's was again discussed, but Mr. Groff said one of the strong points of the table method of computing taxes was that it eliminated many

law suits.

At this point the committee was informed there is a bill in the House that would do away with county governments. Sen. Towe said he felt it very important that revenues be returned to the local governments, the counties in particular, as he attempted to do in his SB434, heard Wednesday.

There was more discussion on the merits of Sen. Jergeson's bill, SB431.

Sen. Turnage then Moved the committee Stay with the Present System, disregard the study and make no changes, thus killing SB1, 60, 81, 158, 352, 431 and 266. This would exclude SB167 from this consideration, as well as SB28, 422 and 394.

Then a roll call vote was taken, see attached copy, that resulted in a 4-5 vote, thus the motion failed.

Sen. Towe then moved the committee come in with a committee bill which would adopt a percentage of Federal income tax, this session. A roll call vote was taken on this motion and this also failed by a 4-5 vote, see attached.

There followed discussion on the feelings of the committee at this point and Chairman Mathers proposed to the committee a motion concerning revenue sharing. He asked for a voice vote on this idea and the committee was unanimous in opposing this concept.

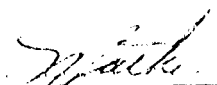
Sen. Watt moved to request the Department of Revenue to work out figures on credits and exemptions as are proposed in SB60 and 422.

Sen. Towe then made a substitute motion to discard the concept of income splitting, and following his motion, additional discussion was conducted.

Sen. Goodover then made a substitute motion, renewing Sen. Turnage's earlier motion which was to kill the 7 bills specified on the roll call vote and on page 1 of this record. A second roll call vote was taken, see attached, with 'x' indicating the votes on this motion. The motion did carry on this second vote, 7-2. (Again note absence of Sen. Healy.)

The committee then asked Mr. Groff to consider \$35, 41 and 45 tax credits and the \$750 exemption in coming up with additional information for them to consider at the next regular meeting which will be following recess, on Thursday, March 3, 1977.

The meeting was then adjourned.


WILLIAM MATHERS

CHAIRMAN

Exhibit #1

COMPARISON OF PRESENT & PROPOSED (SBOG) TAXES

COMPARISON FOR ALL TAXPAYERS IN EACH CATEGORY

FILING STATUS - SINGLE

TOTAL NUMBER OF RETURNS	121,48
AVERAGE MONTANA ADJUSTED GROSS INCOME	5053.54
AVERAGE MONTANA TAXABLE INCOME	3278.00
AVERAGE TAX UNDER PRESENT LAW	163.01
AVERAGE TAX UNDER PROPOSED LAW	158.90

FILING STATUS - MARIED FILING SEPARATELY

TOTAL NUMBER OF RETURNS	113,43
AVERAGE MONTANA ADJUSTED GROSS INCOME	9,171.62
AVERAGE MONTANA TAXABLE INCOME	5,794.0
AVERAGE TAX UNDER PRESENT LAW	313.72
AVERAGE TAX UNDER PROPOSED LAW	301.00

FILING STATUS - MARIED FILING JOINTLY

TOTAL NUMBER OF RETURNS	105,212
AVERAGE MONTANA ADJUSTED GROSS INCOME	10,571.56
AVERAGE MONTANA TAXABLE INCOME	55,314
AVERAGE TAX UNDER PRESENT LAW	309.95
AVERAGE TAX UNDER PROPOSED LAW	363.80

FILING STATUS - MARIED FILING SEPARATELY UNDER PRESENT LAW
BUT FILING JOINTLY UNDER PROPOSED LAW

TOTAL NUMBER OF RETURNS	593,73
AVERAGE MONTANA TAXABLE INCOME	110,66.00
AVERAGE TAX UNDER PRESENT LAW	642.6
AVERAGE TAX PAID IF FILING JOINT	736.87
AVERAGE TAX UNDER PROPOSED LAW	723.72

SENATE COMMITTEE TAXATION

Date 2/25 Bill No. _____ Time 9:05

(1)
(4) 2nd vote
X
4:35

NAME	YES	NO
SEN. WATT		✓
SEN. BROWN	X	✓
SEN. GOODOVER	X	✓
SEN. HEALY		
SEN. MANNING	X	✓
SEN. NORMAN		✓
SEN. ROSKIE	✓	X
SEN. TOWE	✓	X
SEN. TURNAGE	✓	X
CHAIRMAN MATHERS	✓	X
	4	5

(2)

2nd vote

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: Kill SB. 1, 60, 81, 158
352, 431, 266

motion failed

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

(2)

SENATE COMMITTEE TAXATION

Date 2/25 Bill No. _____ 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		✓
	4	5

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: The Comm. come in
with a bill to adapt
a Page of Fed. Inc. Tax.
~~Piggly Wiggly~~ failed

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

3

SENATE COMMITTEE TAXATION

Date _____ Bill No. _____ Time 9:25

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

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: Have Dept of Rev. prepare
ing. on SB 60-422
for committee

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

STANDING COMMITTEE REPORT

.....February 25..... 19 77.....

MR.**PRESIDENT**.....

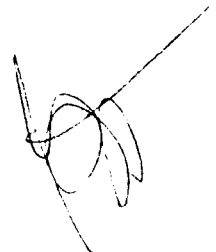
We, your committee on**TAXATION**.....

having had under consideration**SENATE**... Bill No.**1**.....

Respectfully report as follows: That**SENATE**... Bill No.**1**.....

DO NOT PASS

~~DO PASS~~



STANDING COMMITTEE REPORT

February 25 19 77

MR. PRESIDENT

We, your committee on TAXATION

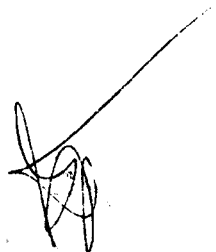
having had under consideration SENATE Bill No. 60

Respectfully report as follows: That SENATE Bill No. 60

DO NOT PASS

~~DO NOT PASS~~

XXX



STANDING COMMITTEE REPORT

February 25 19 77

MR. **PRESIDENT**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **81**

Respectfully report as follows: That **SENATE** Bill No. **81**

DO NOT PASS

~~REPASS~~

STANDING COMMITTEE REPORT

February 25 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 158

Respectfully report as follows: That SENATE Bill No. 158

DO NOT PASS

~~DO PASS~~



STANDING COMMITTEE REPORT

February 25 1977

MR. **PRESIDENT**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **266**

Respectfully report as follows: That **SENATE** Bill No. **266**

DO NOT PASS

DO NOT PASS

