

HOUSE TAXATION COMMITTEE

46th Legislature

Representative Herb Huennekens, District #88, Billings, chairman, called the committee to order at 9:15 a.m., January 17, 1979, in room 434, Capitol Building, Helena. All committee members were present, including Randy McDonald, staff attorney.

Bills to be heard were HB 149, 161, 154.

Representative Joe Brand, sponsor of HB 149 requested that this bill be rescheduled for Monday, January 22. His wish was granted.

Rep. Jay Fabrega explained House Bill 161, of which he is sponsor.

Rep. Dassinger took the chair.

Representative Huennekens mentioned that it is a common myth that renters don't pay taxes. They pay taxes through their rent. He supports the bill.

Rep. Huennekens resumed chairmanship.

Representative Kenneth Nordtvedt, District 77, Bozeman, endorsed the concept of equity. He feels this bill would make renters more aware of property tax and how big an effect it has on a community.

There were no opponents.

Representative Fabrega feels this is a simple and clear issue. A fiscal note is needed.

Representative Bertelsen feels it is a double deduction since it appears the owner deducts the tax on his income tax return, and the renter would be able to do so, too.

Hearing on House Bill 161 was closed.

Representative Bill Hand, sponsor of House Bill 154 was not able to be in the committee at the moment, so the committee adjourned to executive session.

Representative Dassinger reported to the committee on House Bill 63 subcommittee progress. See subcommittee minutes.

Randy McDonald explained the question Representative Williams had raised as to the meaning of 46° diesel fuel regulation.

Representative Dassinger referred to Representative Hirsch's question about 4¢ tax in one year - would generate too much revenue in one year. The subcommittee recommends that the committee accept House Bill 63.

Representative Sivertsen said that if the committee approved and the 1¢ was added as a tax per gallon, the money was to go to matching funds, and if there was no federal money with which to meet matching funds, the tax be

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removed.

Representative Dassinger advised regarding the status of right-of-ways as questioned by Representative Fagg, the department has right-of-ways for Big Timber finished. They don't have all of the interstate right-of-way procured. He said the subcommittee approved passage of House Bill 63 as amended.

Representative Dassinger moved that the committee adopt amendments made by the subcommittee. See attached copy of proposed amendments.

Amendments were unanimously adopted.

Rep. Nordtvedt moved to amend as follows: Section 3 and 4, adding "unless it is determined that the federal matching funds program is 'lifeless and' ended, in which case the additional tax shall expire within 30 days." Amendment was accepted with Rep. Williams voting No.

Representative Sivertsen asked if there is any way a review process could be established so this could be reviewed next legislative session.

Rep. Huennekens advised a "statement of intent" could be shown that this be reviewed.

With reference to House Bill 64 - gas usage is increasing at 10% per year. 1973 oil embargo, especially, caused a drop in the revenues of the state which meant a \$12 million drop in funds for matching. There will be less revenue because of efficiency of automobiles or shortage of fuel in the future.

Representative Underdal moved an amendment to the amendment by using "1981" instead of "1983". The motion failed.

Representative Fagg proposed a new section (5) stating proceeds from this gas license tax may not be expended until all excess currently in the line item budget has been used for interstate highway construction.

Representative Dassinger advised each 1¢ would raise about \$5 million.

Representative Fagg moved a substitute motion for all motions pending that House Bill 63 be Tabled pending arrival in this committee of a bill that is going to deal with relevant tax. Motion was adopted with Rep. Dassinger dissenting.

Committee reconvened for hearing House Bill 154.

Representative Bill Hand, District #82, sponsor of House Bill 154, explained this bill would allow a state employee an option with regard to the money contributed by the state towards the employee's membership in the state insurance plan. Under the proposed bill the employee could choose to belong to the state plan or to receive the state contribution as income. Present law prohibits an employee who chooses not to belong to the state plan from receiving any of

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the amount the state would contribute if the employee belonged to the state plan.

Opponents:

David Evenson, State Personnel Division, stated that if the husband chose the option of taking the contribution as wages, it would be included as part of gross income and would be taxed. See his written testimony attached. He feels that the passage of this bill would create problems for health insurance programs.

Representative Hand closed saying it wouldn't cost the state any more.

Committee resumed executive session.

Representative Dassinger took over as chairman of the committee.

Representative Fagg moved that House Bill 106 Do Pass. Mr. Fletcher Newby, assistant director of the Fish and Game Department, and Mr. John Wiegman, Bozeman, spoke on nongame programs in Montana.

Rep. Huennekens said there is a need for the money that would be raised. He questions the wording in the first amendment as to whether we aren't moving into the field of appropriations.

Representative Fagg thinks this is determining the use of money, but it would not go to appropriations. He then moved that the amendment be amended.

Representative Staigmiller asked Mr. Wiegman: Will this money be used for matching funds? Yes, hopefully from a federally funded source.

Representative Bertelsen feels the amendment tends to put a shackle on this type of legislation. He would much rather see the land be advisedly managed by the owners rather than see the F&G go out and purchase habitats.

Sivertsen asked if any money was spent in studying coyotes! In respect to prairie dogs, do you feel that they are in danger of extinction? Question of F&G buying land to protect animals that are a problem to agriculture.

Representative Hunnekens advised this concerns nongame species. People are devoting their time to try to do something that hasn't been done before.

Representative Bertelsen said he would like to see the department be allowed to proceed without tying their hands.

Representative Underdal asked "What would you do if I try to destroy prairie dogs on my own land? Mr. Weigan thought it wouldn't be necessary to keep all colonies of prairie dogs.

Representative Lien asked what the attitude of the council towards prairie dogs has been.

Representative Fagg moved to change his amendment removing item 1 from the

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amendment and move passage of amendments 2, 3 and 4. Unanimously adopted.

Discussion of the bill as amended - Rep. Nordtvedt thinks this action is a funding source - would look at the possibility several years down the road. Could be a very exciting prospect.

Rep. Underdal: Income tax forms would have to be changed and data processing has some cost to state government.

Sivertsen is opposed to the bill - farmers need to protect their land.

Rep. Huennekens said there won't be any cost for printing forms - might be a little cost in checking boxes.

Rep. Robbins asked who would bear the cost of this.

Rep. Huennekens advised the Department of Revenue would bear the cost.

Representative Fabrega said he was concerned that organizations such as the Red Cross, etc., might want to have contributions made to them in this manner - might be creating a means of collecting voluntary contributions.

Representative Underdal said he is not against the concept of protecting any species, but would like to know what it will cost government.

Representative Fagg reminded that this is being done for political contributions. Recommended trying it for two years and taking a look at it after that.

Representative Reichert supports the concept.

Representative Sivertsen said we can still contribute to any cause that we want to without having to put it on any form.

Motion was changed to DO PASS AS AMENDED for HB 106. Roll call vote was taken and the result was 13-6 for passage.

Meeting adjourned at 11:00 a.m.



REPRESENTATIVE HERB HUENNEKENS, Chairman

Secretary