

75E-A
4/12/79

HOUSE TAXATION COMMITTEE
46TH Legislature

Rep. Huennekens called the committee to a meeting in Room 436 at 3:00 p.m., April 12, 1979, to discuss property tax proposed package. All members were present as was the staff attorney.

One proposal was to allow 10% of any property tax paid to be deducted from any income tax liability due.

The standard deduction, if raised to 20% at a \$2,000 and \$4,000 limit, would have a price tag of \$5 million per year. By raising to 20%, it was felt more people would take advantage of this rather than use the standard deduction.

The personal exemption would be left at \$800 with a \$18.9 million price tag. Originally it was \$16.7 million.

We want to leave HB 398 intact, which includes a graduated property tax in class 15 which everybody liked from the start. The total package comes up at about \$45 million.

Rep. Hirsch asked why the committee decided to go with several different packages. Why can't we do it with the first one and fund it with whatever surplus there is?

Rep. Huennekens commented that these are approximate figures.

Rep. Fagg feels this is giving a whole new setting for the property tax. It is hard to put a dollar amount on it.

Rep. Lien says there is a philosophical way or a practical way. The committee thought by raising the standard deduction we are taking care of the lower income people and wouldn't give it all to any one class of people.

Rep. Huennekens said the low income people don't have enough current AGI to be allowed any relief.

Rep. Reichert asked if it was said that the total amount of money would be \$45 million for tax relief. How will the Senate react to this? The psychology of property tax relief is fine. It is more economic for the state to have it attached to the income tax, but I'm afraid psychologically it might not be received by the people as property tax relief.

Rep. Huennekens said we have to deal with the real world - get something and get it through.

Rep. Williams asked why not accept the two income packages that were sent from the House and are in the Senate?

Rep. Sivertsen stated that we want to come out of here, run this through the House - get as many votes as possible. We will leave those bills there in case we run into trouble. We would have those bills and ask that they be sent back to the House and do what we want to do with them, but they might not

75E-A
4/12/79
Page 2.

accept them. The proposed bill will be a committee bill.

Rep. Sivertsen will be working very hard within the Republican caucus to get it through the caucus.

Rep. Huennekens said we will have it in preliminary form tomorrow - printed form Monday.

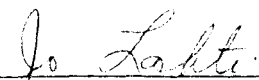
Rep. Fabrega said the standard deduction and \$800 personal exemption can be tailored to the size of the surplus as of June 30, 1980, and make the exemption higher if a larger surplus, and if it is lower, it could be lower.

Rep. Huennekens asked the committee if they feel they are moving in the right direction. They unanimously agreed.

The meeting adjourned at 3:30 p.m.



REP. HERB HUENNEKENS, CHAIRMAN



Secretary