

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

February 27, 1979

The thirty-sixth meeting of the committee was held on the above date in Room 415 of the State Capitol Building with Chairman Turnage presiding.

ROLL CALL: Roll call found all the members in attendance.

The Chairman opened the meeting, held on adjournment of the Senate Body, by bringing up Senate Bill 240, already heard at a public hearing by the committee. Senator Watt had not at that time had the opportunity to give his closing remarks and was permitted to do so.

Senator Watt gave several examples of people who bought property, their residences, some years ago and through inflation, raise in property taxes, he might end up paying as much as \$2,000 property tax on his \$10,000 home. If the individual is retired the property tax is a hardship for him to pay and often he might end up losing his home through his inability to pay those taxes. He explained that the gross income replacement tax he is proposing would be fairer and would replace 4/5 of the tax bill; 1/5 of it would still be on housing, to compensate for those who earn no income in the state, yet still have a home or other property here. He distributed an outline, see Exh. #3, of his bill's purpose and explained it to the committee.

The Senator then gave an example of adjusted gross income for a particular county, listed their county budget, 1/10 of the AGI, Taxable Valuation Remaining, and computed the replacement tax they would receive from the Department of Revenue, based on that county's mill levy. He showed the committee a method of identifying the taxpayer's withholding record so the amount that is withheld would go to the right school district and county.

Then, in response to questions from the committee, he answered a number of their inquiries, including objections voiced by Laury Lewis of the Department, who listed a number of problems the Department anticipated, at the original hearing on Feb. 3rd. Some of the difficulties mentioned were problem of distinguishing between commercial and residential property for taxation purposes; the problem of transient or migratory workers; problem of continuing appraisal; problem of raising or lowering the percentage of income withheld. Senator Watt responded to each of the questions as they were raised.

There followed open discussion on various aspects of the legislation and the philosophy of property taxation, its inadequacies and inequities as well. Point was made that people who own their own homes overpay their taxes, whereas people who live in apartments underpay, yet all enjoy same privileges of services. Senator Hager made the point that there is a cost of .88¢ to collect \$100.00 of income tax whereas it costs \$2.34 to col-

lect \$100.00 in property tax.

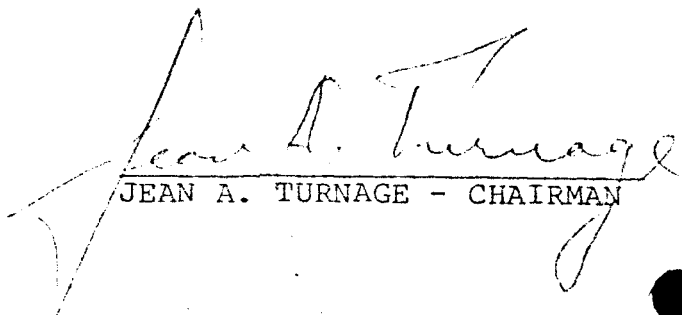
There were several amendments that should be made to the bill, matters of number correction, and the committee voted on these: Senator Watt Moved SB240 Be Amended. Motion carried. See attached Committee Report.

Senator Watt then Moved SB240 As Amended, Do Pass. A roll call vote was taken and the motion failed by a 6-5 1-Pass vote.

Senator Goodover then Moved SB240 As Amended Do Not Pass. A second roll call vote was taken and passed by a 6-5 1-Pass vote.

Following the voting the Chairman asked that with no objection from the committee, Researcher Terry Cohea draw up a Statement of Intent to accompany SB240 out of the Taxation Committee. There was no objection from the committee.

The meeting was then adjourned.

  
JEAN A. TURNAGE - CHAIRMAN

Date FEB 27 1979

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

NAME	PRESENT	ABSENT	EXCUSED
SEN. GOODOVER (Vice Chairman)	✓		
SEN. BROWN	✓		
SEN. HAGER	✓		
SEN. MANLEY	✓		
SEN. MANNING	✓		
SEN. McCOLLUM	✓		
SEN. NORMAN	✓		
SEN. ROSKIE	✓		
SEN. SEVERSON	✓		
SEN. TOWE	✓		
SEN. WATT	✓		
CHAIRMAN TURNAGE	✓		

Each Day Attach to Minutes.

SENATE COMMITTEE TAXATION

Date 2/27/79 JEN. Bill No. 240 Time \_\_\_\_\_

NAME	YES	NO
SEN. GOODOVER (Vice Chairman)		X
SEN. BROWN	X	
SEN. HAGER		X
SEN. MANLEY		X
SEN. MANNING	X	
SEN. McCOLLUM	PASS	
SEN. NORMAN	X	
SEN. ROSKIE		X
SEN. SEVERSON		X
SEN. TOWE	X	
SEN. WATT	X	
CHAIRMAN TURNAGE		X
	5	6

Nita Fjeseth  
Secretary

Jean A. Turnage  
Chairman

Motion: SB 240 Do PASS

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

Statement Of Intent

Senate Bill - 240

In granting the Department of Revenue the authority to make rules to administer the replacement tax, the Senate Committee on Taxation expects the Department to adopt rules governing the procedure for withholding replacement taxes, determining residency of taxpayers, disbursing replacement tax funds to taxing jurisdictions, revising replacement tax rates, and administering the tax credit for rent.

2/27/79

# STANDING COMMITTEE REPORT

February 27 19 79

MR. President

We, your <sup>minority</sup> committee on Taxation

having had under consideration Senate Bill No. 240

Respectfully report as follows: That Senate Bill No. 240,

introduced bill, be amended as follows:

1. Page 4, line 5.

Following: "in"

Strike: "15-30-301"

Insert: "15-30-303"

2. Page 12, line 9.

Following: "section"

Strike: "5"

Insert: "4"

\_\_\_\_\_  
Senator B. Brown

\_\_\_\_\_  
Senator Manning

\_\_\_\_\_  
Senator Norman

\_\_\_\_\_  
Senator Towe

\_\_\_\_\_  
Senator Watt

And, as so amended,

DO PASS

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\_\_\_\_\_  
~~Senator Goodover~~  
 \_\_\_\_\_  
 Senator Hager  
 \_\_\_\_\_  
 Senator Manley  
 \_\_\_\_\_  
 Senator Roskie  
 \_\_\_\_\_  
 Senator Severson

And, as so amended,  
~~DO PASS~~ DO NOT PASS

.....  
JEAN A. TURNAGE - Chairman.....