

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 8, 1979

The forty-fourth 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 of the members present. Witnesses giving testimony are listed on attached Register.

Chairman Turnage opened the meeting by reminding the committee of some of the bills that have been heard and still remain in committee. He referred to a bill being introduced in the House. He said there are three major utilities that have applied for tax credit under 15-32-107. The utilities could make loans to customers for conservation purposes, then the companies could get tax credits for those loans. He said a number of these companies now had applications in for those tax credits and he felt the committee should look at this law. There followed discussion and the Chairman pointed out the incentive, and motive in the bill, was to get people to insulate their homes, however it was brought out that companies are now coming in for the entire tax credit.

Next bill to be brought up for discussion was SB413 which was a tax exemption for grain stored on the farm. There was some discussion of the exemption and the point was made that businessmen are taxed on their inventories and they felt the grain was the farmer's inventory, therefore they felt he too should pay taxes on it, as well.

Senator Brown Moved SB413 Do Not Pass. Motion carried. Note that "No" votes were cast by Senators Manning, Severson, Watt.

The committee then discussed HB85 which would call for a study of tax situation in the state by the Revenue Oversight Committee. Several of the committee members stated they did not wish to see such a committee constantly checking on the Department of Revenue, however they agreed that the entire tax situation in the state needed review.

Senator MacCallum Moved HB85 Be Concurred In. Motion carried. Senator Manley cast a "No" vote.

The next bill brought up for the committee's consideration was SB401. They discussed the bill which would permit an individual to sell some of the product, wind-generated power as an example, if he had developed such product with funds from a grant.

Senator Manley Moved SB401 Do Pass. The motion carried.

The committee then went to SB389 and discussed amendments to the bill. They agreed to delete subsection (c) of section 2 and section 3 in entirety. Senator Towe Moved to Adopt Amendments, and title, to conform. Motion carried. He also moved to amend by adopting new language on page 2 following 11.

adopting new language on page 2, following line 11, see copy of committee report for accepted amendments.

Senator Towe then Moved SB389 Do Pass As Amended. The motion carried.

They then took up HB318 and after brief discussion on the bill, agreed to move it out.

Senator Watt Moved HB318 Be Concurred In. Motion carried.

They discussed HB457 as well and proposed several amendments, to include school districts in the bill which calls for the Department of Revenue to give cities and towns a breakdown of the tax dollars. Senator Towe Moved to Amend HB457. Motion carried.

Senator Watt Moved HB 457 As Amended, Be Concurred In. Motion carried. Note for record, "No" votes by Senators Manley, Roskie, Goodover and Turnage.

Next up for discussion was Senate Bill 521. Amendments proffered were discussed and agreed upon. Senator Towe Moved to Adopt Amendments to SB521. Motion Carried.

Senator Manley then Moved SB521 Do Pass As Amended. Motion was carried.

Following disposition of this bill, conducted before 8 o'clock, the committee prepared to hear the bills for the day.

CONSIDERATION OF HOUSE BILL 619: Representative Kemmis introduced this bill which would allow gifts or devises made to an estate by a named person. He said in estate planning it is a practice in order to qualify for federal marital deductions to establish what are called powers of appointment. The problem in Montana, because of a Supreme Court decision, is that it is unclear whether you can defise property to an estate. He next introduced Professor Russoff of the University Law School, who also spoke to the committee in regard to estate planning. He said sometimes he came across a statute that might produce some bad results for Montana taxpayers and he felt this statute would give them benefit. He said the basic idea is that people trying to minimize federal estate liability try to take advantage of the marital tax deduction. Mr. Norris gave some supporting testimony as well, saying in 1976 the federal government changed the law on marital deductions, allowing an increase and he said this is the single item that saves most taxes for an individual.

The Chairman called for other proponents or opponents, and there being none, permitted questions of the committee. Mr. Stoll, representing the Department of Revenue, stated they had no problems with the bill, and further that there had been challenges regarding regarding the devise. The Chairman said if the committee felt they wished to move the bill they should consider an immediate effective date. This amendment was adopted by the committee. Senator Towe Moved to Adopt Amendments, see copy of committee report, attached.

Senator Norman Moved HB619 As Amended Be Concurred In. Motion was carried.

CONSIDERATION OF HOUSE BILL 882: Representative Kemmis introduced this bill also and said the bill amends Montana law relating to the Homestead Exemption Act. He said the law is a device to protect an individual's home against creditors. He said the law does not clearly define at present and also he felt the exemption should be increased. This was done by the House Tax Committee, raising it from \$30,000 to \$50,000. Another proponent was Kathleen Ellis who distributed written testimony, see Exh. #2, attached. She said many older people cannot afford to go to an attorney and she felt the bill looks after their interests. Senator Towe made the statement that the \$50,000 figure appeared to be excessive because that would be about \$95,000 value at the present 56% market value.

Following additional discussion, hearing on HB882 was closed.

CONSIDERATION OF HOUSE BILL 373: Representative Roth presented this bill which would permit Department of Natural Resources to issue loans to farmers and ranchers for construction or operation of water works systems. She said 2 1/2% Coal Severance Tax would be used for renewable resources for Montana and she felt that loans for water systems would be a worthwhile project for the state. She wanted such assistance to be on the loan basis, not grants and felt the money would serve a useful purpose. Mr. McIntyre of the Department said the bill would not meet a constitutional challenge in its present form. It had been amended by the House and would have to be re-amended. He went through the bill to point out the changes that had been made in the House and made suggestions for the amendments.

Among the proponents of the bill were Mr. McGowan and Mr. Jackson. Mr. Teigen also spoke in support of the legislation.

Vice Chairman Goodover asked for other proponents and there were none. Mr. Cadby spoke then as an opponent and representing the Montana Banking Association. He said they had some problems with the bill, as an example that the measure did not define water systems. Further, he felt that an individual in Helena would not be acquainted with the prospective borrow to judge his character, credibility, credit rating, and similar requirements. He also said they had problems with the state making any direct loans. He felt that FHA perhaps could meet the needs of any farmer or rancher for such loans, and said he believed it was public versus private enterprise.

On conclusion of his testimony, Vice Chairman Goodover asked for further testimony and there being none, permitted questions from the committee.

Senator Towe asked if it was the intent that the state continue with the bonding program. Senator Manley asked if such a program were set up, who then would engineer it. Representative Roth said the Montana banking community had at one time indicated (69% of those questioned) they would cooperate with the program. Following her closing statements the hearing on HB373 was closed.

Chairman Turnage asked the committee to again consider the schedules for SB184 and Mr. Burr of the Department of Revenue illustrated another schedule for the committee to consider, starting vehicles at \$100 for over 3,000# and \$80 under 3,000#. This schedule would, however, result in a loss of revenue of total \$6.6 million. On the high

end of the schedule, starting at \$130 over 3,000#, the loss would be approximately \$3 million.

Senator Moved to Adopt Amendments to SB184, the Fee Schedule which started at \$100, stopped at \$10 and retain 1 1/2% new car sales tax. A roll call vote was taken which received 6-5 vote.

The committee then discussed the bill further and agreed to look at another fee schedule to be brought in by Department of Revenue.

Following, meeting adjourned.


JEAN A. TURNAGE - CHAIRMAN

SENATE COMMITTEE TAXATION

Date 3/7/79 Sen Bill No. 248 Time 7:45

NAME	YES	NO
SEN. GOODOVER (Vice Chairman)		X
SEN. BROWN <i>ELECTED TO PASS 3-8-79-10 A.M. absent at time of vote</i>		X
SEN. HAGER		X
SEN. MANLEY		X
SEN. MANNING		X
SEN. McCOLLUM		X
SEN. NORMAN	X	
SEN. ROSKIE		X
SEN. SEVERSON		X
SEN. TOWE		X
SEN. WATT <i>absent at time of vote</i>	<i>note 2/27/79</i> X	
CHAIRMAN TURNAGE		X

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Nita Fjeseth
Secretary

Jean A. Turnage
Chairman

Motion: SB 248 Do Pass (w/
Amend - In Draft
WILL GO OUT OF COMMITTEE WITH A
MINORITY MAJORITY REPORT

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

SENATE COMMITTEE TAXATION

Date 3-7-79 Pass Bill No. 244 Time 8:00 am

NAME	YES	NO
SEN. GOODOVER (Vice Chairman)		X
SEN. BROWN <i>absent at times</i>	<i>3-8-79 10:00 am</i> X	
SEN. HAGER	X	
SEN. MANLEY		X
SEN. MANNING	X	
SEN. McCOLLUM	X	
SEN. NORMAN	X	
SEN. ROSKIE		X
SEN. SEVERSON		X
SEN. TOWE	X	
SEN. WATT <i>absent at times</i>	<i>2:00 pm</i> X	
CHAIRMAN TURNAGE		X

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Nita Fjeseth
Secretary

Jean A. Turnage
Chairman

Motion: SB 244 Do Pass
As Amended

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

SENATE COMMITTEE TAXATION

Date 3-8-79 Sen Bill No. 184 Time 9:50

NAME	YES	NO
SEN. GOODOVER (Vice Chairman)	X	
SEN. BROWN	X	
SEN. HAGER <i>gone at time of vote</i>		
SEN. MANLEY	X	
SEN. MANNING	X	
SEN. McCOLLUM		X
SEN. NORMAN		X
SEN. ROSKIE	X	
SEN. SEVERSON		X
SEN. TOWE	X	
SEN. WATT	X	
CHAIRMAN TURNAGE	X	

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Nita Fjeseth
Secretary

Jean A. Turnage
Chairman

Motion: Exh. # 3

\$120 glass on any vehicle

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

SENATE COMMITTEE TAXATION

Date 3-8-79 SB. Bill No. 184 Time 9:45

NAME	YES	NO
SEN. GOODOVER (Vice Chairman)	X	
SEN. BROWN	X	
SEN. HAGER <i>Absent. at time of vote</i>		
SEN. MANLEY		X
SEN. MANNING		X
SEN. McCOLLUM		X
SEN. NORMAN	X	
SEN. ROSKIE		X
SEN. SEVERSON	X	
SEN. TOWE	X	
SEN. WATT	X	
CHAIRMAN TURNAGE		X

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Nita Fjeseth
Secretary

Jean A. Turnage
Chairman

Motion: Schedule Amendment of Sen. Severson's

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

H.B. 373,

COMMITTEE ON

TAXATION

DATE MAR 8, 1979

619, 882

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Opp
JOHN CADDY	MT BATTERS ASSN	373		✓
James J. Norris	myself	619	✓	
Walter R. Rusoff	myself	HB619	✓	
Daniel Higgins	House District 94	HB ⁸⁸² 619	✓	
Tom Stoll	DEPT OF REVENUE	HB619	✓	
Kathleen Ellis	Legal Access for Older Americans	882	✓	

STANDING COMMITTEE REPORT

March 8 1979

MR. President

We, your committee on Taxation

having had under consideration House Bill No. 85

House Bill 85 - Heennekins (Turnage)

Respectfully report as follows: That House Bill No. 85

BE CONCURRED IN

DO PASS

JEAN A. TURNAGE

Chairman

STANDING COMMITTEE REPORT

March 8 19 79

MR. President

We, your committee on Taxation

having had under consideration House Bill No. 318

House Bill 318 - Lien (Towe)

Respectfully report as follows: That House Bill No. 318

BE CONCURRED IN

~~BY PASS~~

JEAN A. TURNAGE

Chairman.

STANDING COMMITTEE REPORT

March 8 19 79

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 389

Respectfully report as follows: That Senate Bill No. 389,
introduced bill, be amended as follows:

1. Title, lines 8 and 9.

Following: "ONLY;"

Strike: "IMPOSING A ROLLBACK TAX UPON A CHANGE IN USE;"

2. Page 2, lines 5 through 7.

Following: line 4

Strike: subsection (c) in its entirety

3. Page 2, line 12.

Following: line 11

Insert: "(4) Failure to file an application under this section shall not result in reclassification on real property unless there has been an actual change in use."

4. Page 2, lines 12 through 25 and through line 5 on page 3.

Following: line 12

Strike: Section 3 in its entirety

Renumber: subsection section

xxxxxx And, as so amended,

DO PASS

DO PASS

STANDING COMMITTEE REPORT

..... March 8 19 19

MR. **President**

We, your committee on **Taxation**

having had under consideration **Senate** Bill No. **401**

Respectfully report as follows: That..... **Senate** Bill No. **401**

~~REPASS~~

STANDING COMMITTEE REPORT

March 8

1979

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 413

Respectfully report as follows: That Senate Bill No. 413

DO NOT PASS

~~DO PASS~~

STANDING COMMITTEE REPORT

March 8 19 72

MR. President

We, your committee on Taxation

having had under consideration House Bill No. 457

House Bill 457 - Kemmis (Watt)

Respectfully report as follows: That House Bill No. 457,

third reading bill, be amended as follows:

1. Title, line 6.

Following: "COUNTY"

Insert: ", "

2. Title, line 7.

Following: line 6

Strike: "AND"

Following: "CITY"

Insert: ", AND SCHOOL DISTRICT"

3. Page 1, line 15.

Following: "counties,"

Strike: "and"

Following: "cities"

Insert: ", and school districts"

And, as so amended,

~~XXXXXX~~ BE CONCURRED IN

~~DO PASS~~

Jean A. Murrage
JEAN A. MURRAGE -

Chairman.

STANDING COMMITTEE REPORT

March 8 19 79

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 503

Respectfully report as follows: That Senate Bill No. 502,
introduced bill, be amended as follows:

1. Page 2, line 3.
Following: "section"
Strike: "7"
Insert: "2"

2. Page 14, line 17.
Following: "this"
Strike: "section"
Insert: "subsection"

3. Page 16, line 18.
Following: "interest."
Insert: "If, however, a credit is claimed on the federal estate tax return for state death taxes on the estate under the provisions of section 2011(a) of the Internal Revenue Code, as amended, an amount of inheritance tax due equal to the federal credit must be paid within the period established in section 2011(c) of the Internal Revenue Code, as amended."

~~SC 475~~

CONTINUED

March 9 1979

Page 2, Senate Bill 508 Taxation Committee

4. Page 16, line 20.

Following: line 20

Insert: "(4) If an election is made under (1) of this section, the tax due may not be further deferred under the provisions of 72-16-1432.

Renumber: subsequent subsection

And, as so amended,

DO PASS

JEAN A. TURNAGE - CHAIRMAN

STANDING COMMITTEE REPORT

March 8 19 79

MR. President

We, your committee on Taxation

having had under consideration Senate Bill No. 521

Respectfully report as follows: That Senate Bill No. 521, introduced bill, be amended as follows:

1. Page 2, line 11.

Following: "agent"

Insert: ":

(a)"

2. Page 2, line 13.

Following: "15-7-102"

Insert: "; and

(b) has notified the county tax appeal board that classification and appraisal notices have been mailed to all property owners "

3 Page 4, line 10.

Following: "taxpayer's"

Insert: "timely"

And, as so amended,

DO PASS.

JEAN A. TURNAGE

Chairman.

STANDING COMMITTEE REPORT

March 8

79

19

MR. President

We, your committee on Taxation

having had under consideration House Bill No. 619

House Bill 619 - Kennis (Norman)

Respectfully report as follows: That House Bill No. 619,
third reading bill, be amended as follows:

1. Title, line 6.
Following: "ESTATES;"
Strike: "AND"
Following: " 'ESTATES' "
Insert: ", AND PROVIDING AN EFFECTIVE DATE"
2. Page 2, line 7.
Following: "limited to"
Insert: ";
(1)"
3. Page 2, line 10.
Following: "donee"
Strike: ", "
Insert: ";
(2)"

~~XXXXX~~
DU PASS

CONTINUED

March 3 19 79

Page 2 House Bill 519 Taxation Committee

4. Page 2, line 12.
Following: "taxes"
Strike: ", "
Insert: ";
(3)"

5. Page 2, line 23.
Following: line 22
Insert: "Section 6. THERE IS A NEW HCA SECTION THAT READS:
Effective date. This act is effective on passage and approval."

And, as so amended,

BE CONCURRED IN

JEAN A. TURWAGE - CHAIRMAN

Date ^N APR. 8, 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.