

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

March 24, 1979

The fifty-seventh meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building with Chairman Turnage presiding.

ROLL CALL: Roll call found all the members present. Witnesses providing testimony are listed on attached Register.

Senate Bill 384 was again up for the committee to consider and in particular, the Fiscal Note. Mr. Wynn of the Department of Revenue was present to explain his first Fiscal Note. The computer had been used to find the number of non-resident employees in the state and finding this to be 25,000 employees, had based their fiscal impact on that. The committee thought the number was excessive, however, agreed that with construction workers, part-time student employees, sawyers, Park employees, the 25,000 figure could be considered. Thus, the decision was left with the committee as it was concluded the Department of Revenue figures were based on everyone who files an income tax form, non-resident, thus total wages paid to this group could represent a significant impact.

Following Jim Mockler's statement that there were 634 people employed at Decker Mines, and at average salary of \$34,000, the impact could be approximately \$117,000, the committee asked several other questions and then closed hearing on SB384 for the time being.

Senate Bill 523 was then introduced by Senator Dover who said the bill was a Natural Resources Committee Bill and gives tax exemption to new industry for the first five years. He said such exemption is meant to encourage such new industries in the state and the gasahol plants are necessary in view of the possible shortage of gasoline in the nation. Senator Norman asked the senator if he would be interested in having such gasahol plants classified as "new, industrial property" and be assessed at the 2.8% rate.

Senator Dover said the production of gasahol would be only one of the products of such plants, as the bi-products of wheat include gluten and protein, and the United States at present imports 50% of the gluten they use from Australia.

An amendment was suggested for the bill, to include the words, "during construction and for the first 3 years of its operation" and the amendment was approved:

Senator Towe Moved to Adopt Amendments to SB523, correcting also the classifications in the bill from 22 to 21. Motion was carried.

Senator Manley Then Moved SB523, As Amended, Do Pass. Motion carried. Note for the record "No" votes were cast by Senators Norman and Goodover.

CONSIDERATION OF HOUSE BILL 796: Representative Ramirez introduced his bill which would revise current method of property tax appraisals and appeals and went through the bill pointing to the eight revisions the bill details. Mr. Groff, representing the Department of Revenue, also spoke and said he believed there were some problems with the bill, mentioning the portion where a taxpayer had to submit in writing, his objection to an appraisal figure. He felt the bill would make the tax appeal board the final authority and said he felt major appeals should go to the court.

Following some additional discussion, the Chairman appointed a sub-committee to look into the bill more closely: Senator McCallum as Chairman, also Senators Manley and Hager. This concluded the hearing on HB796.

CONSIDERATION OF HOUSE BILL 547: Representative Daily presented this bill which authorizes a proposition to be placed on the ballot to support operating costs and personal services over appropriation, for vo-tech schools. He also proposed an effective date amendment to the bill. Mr. Fitzpatrick of the Budget Office presented supporting testimony also, and said that office is in support of the concept of the bill saying it is most difficult to fund vo-tech centers. He said they had experienced a number of situations where moneys appropriated for the centers was insufficient and did not allow for alternatives, such as office staff. This would also allow them to negotiate for salaries.

The Chairman called for other proponents and opponents. Mr. Nelson of the Montana Taxpayers Association said he is not supporting the bill but had several questions regarding the measure. He said HB634 raises the local mill levy in the vo-tech districts 2 mills. He said if this happens the funding for this might come from that mill levy rather than voting for the extra millage. He also suggested that an itemized list of costs be available to the voters at the time of the election. Following discussion, hearing on HB547 was closed.

CONSIDERATION OF HOUSE BILL 630: Representative Uhde said this bill creates a property tax deferral program for certain eligible senior citizens, and provides a mechanism for that group of people under a certain income level to defer the tax liability on their homes until their death or sale of the property. They must have equity in the home of at least 40%; they also must put in an application each year and the Department of Revenue determines their eligibility. He said the bill was based on an Oregon statute and seems to be working there. Mr. Groff of the Department also appeared in support of the bill.

Chairman Turnage called for additional proponents or opponents and there being none, heard testimony from Ed Nelson of MTA, who said he did not oppose tax relief for senior citizens but said he believed the bill does a few things that may be difficult to administer. He said additional administrative personnel would have to be set up to handle additional paperwork, establishing validity, handling payments, getting them back to local governments and this would add staff and increase the cost of the bill. He said there is Class 15 property that could take care of such a relief measure. He also said with a combined income of \$10,500 that household could very possibly pay taxes, thus their taxes would be exempt. He said he thought there would be a significant amount of bookkeeping, and also mentioned if the individuals borrowed money for other reasons there would be a double lien on the property.

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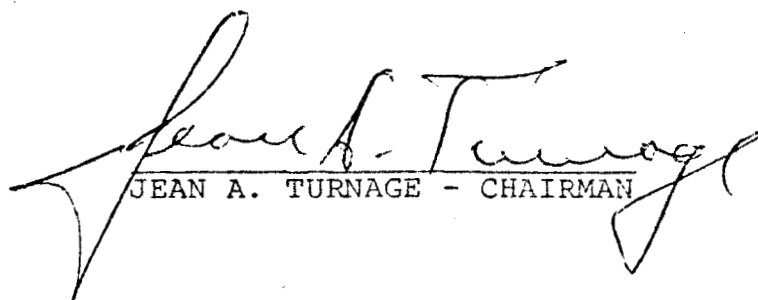
Representative Uhde said he was surprised at the opposition from the Taxpayers Association as he said the bill is meant to help these people.

Senator Watt said the intent of the bill was good, but felt that people who are unable to pay taxes should not owe any taxes. He further said he agreed with Mr. Nelson on some of his points. He also said this increased the argument for his bill, SB240. A number of questions from the committee followed, including a question from Senator Norman if it was the sponsor's intent to cover people who are not covered in Class 15 property. Question was also raised about the number of people who would be eligible, the statutory mechanism would be used to foreclose, the possibilities if the taxes exceeded the value of the estate. After additional discussion, hearing on HB630 was closed.

The committee was then asked to again consider SB384. The bill had been brought back into committee because of the substantial fiscal impact it involved for the state, and the difficulties the committee had found in trying to limit the impact. They agreed on an amendment that would limit it to Wyoming, since that state has no income tax, to read: the exemption could be claimed by an individual "who receives no credit for their Montana income taxes paid in the state of their residence. The amendment was moved by Senator Towe, and carried.

Senator Towe then Moved SB384 As Amended, Do Pass. A roll call vote was taken which passed 9-3.

Following disposition of this bill meeting was adjourned.



JEAN A. TURNAGE - CHAIRMAN

SENATE COMMITTEE TAXATION

Date 3.24 Sen Bill No. 384 Time \_\_\_\_\_

NAME	YES	NO
SEN. GOODOVER (Vice Chairman)	X	5
SEN. BROWN		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	X	
CHAIRMAN TURNAGE		X

98 83

Nita Fjeseth  
Secretary

Jean A. Turnage  
Chairman

Motion: Roll Pass As Amended

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

B

DATE 3-24-79

COMMITTEE ON TAXATION

702, 796

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Tom Wind	Dept. of Revenue			
Bill Huff				
Ed Nelson	Mt. Taxpayers Assoc.	HB 630		X
Dean Finckew	Mt. Assoc. of Counties	HB 702	X	
Jim Mockler	MT. Coal Council	SB 384	X	
Anna Johnson	Montana General Fund Association	SB 384	X	
John Fitzpatrick	OBSIFP	HB 547	X	

# STANDING COMMITTEE REPORT

March 24, 1973

MR. President:

We, your committee on Taxation

having had under consideration Senate Bill No. 334

Respectfully report as follows: That Senate Bill No. 334,  
second reading bill, be amended to read as follows:

1. Page 1, line 15.

Following: "state"

Insert: "who receives no credit for his Montana income tax from the  
income taxes paid in the state of his residence"

And, as so amended,

DO PASS

*pl.*

Date MAR. 24, 1979

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

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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.