

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 12, 1979

The seventy-third meeting of the committee was held on the above date in Room 415 of the State Capitol Building, 8 o'clock a.m., with Chairman Turnage presiding.

ROLL CALL: Roll call found all members present with the exception of Senators Norman and Roskie.

First bill up for consideration during this executive session was HB848. The Chairman explained this bill came over with the intent of giving tax relief to motor home owners, campers, and such. He said the question is whether some form of relief could be given without too large an impact on local governments. However, he continued, he felt the committee should attempt to adjust fees in that area. He said Senator Manley had amendments that could incorporate SB184 into HB848. Sen. Manley said the figures in SB184 would be used as they went out of the Senate. The amended bill could then go back to the House and into a conference committee, if they so decided, and that body could then decide if they wanted such a system for taxing all motor vehicles.

Senator Towe made the suggestion that the bill should include a statement that the fee "would be a tax for all purposes" and therefore deductible. The Chairman then asked Mr. Burr of the Department of Revenue their opinion of changing the word "fee" to "tax" insofar as deductibility was concerned. Burr said he felt the bill would have a better chance in the House if it were an ad valorem tax, as such taxes are deductible. The deductions would affect the 1980 federal tax returns.

The Chairman asked the committee their feelings on the amendments, and whether or not to continue working on them. All the members of the committee indicated their approval of the amendments with the exception of Senator McCallum.

The committee then discussed further amendments to the bill and the motion was made by Senator Towe to insert "property tax" in lieu of the word "fee" wherever it appears in the bill. That motion carried, Sen. McCallum voting "No".

Senator Manley Moved to Adopt Amendments to HB848; motion carried. "No" vote cast by Sen. McCallum; note for the record the absence of Sens. Roskie and Norman.

Senator Manley Moved HB848 As Amended, Be Concurred In. Sen. McCallum voted "No" and Sens. Roskie and Norman gone, however motion carried.

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The committee then discussed HB915 further. This bill authorizes the Department of Administration to borrow money on the open market in anticipation of incoming revenue. They would be limited to borrowing only 1/10 of the total budget and that amount must be fully repaid by the end of the fiscal year. They could not issue more than \$100 million during the fiscal year. The procedure should save the state some money and more than pay for itself, according to the bill's sponsor, the House Taxation Committee.

Mr. Nelson of MonTax was present at this executive session and was permitted to speak regarding this bill. He said he did not believe the bill, as written, would limit that Department to the \$100 million a year, as purportedly specified in the bill. He suggested the bill be further clarified by limiting the money that could be borrowed, by reinserting original language which limited the amount to \$50 million per year, in the aggregate. He suggested also, that such direction be included in the Statement of Intent. The committee too, was concerned that the state should limit or "curtail" borrowing from other state funds and that "no tax anticipation notes be issued to refund or pay outstanding notes".

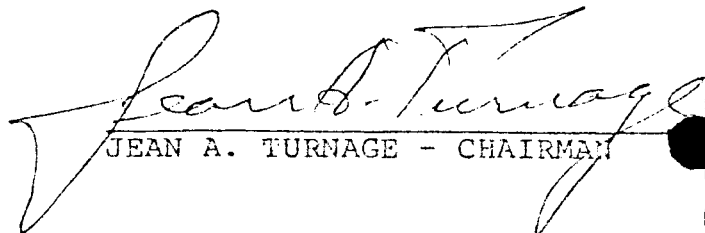
The suggestions were discussed at length by the committee and it was agreed they be incorporated into the Statement of Intent. Sen. Watt made the motion which would express these concerns in such a statement; this motion was carried. In the following discussion the committee voiced their concern that such borrowing, particularly during these inflationary times, could create worse problems. They then agreed that they would take a good look at how this legislation had worked during the interim, at the next session of the legislature. Several of the committee members said they did not feel comfortable with this practice and would not like to see it continued indefinitely, reminding them that the City of New York had financial trouble after following such procedures.

After continued discussion, the committee agreed to adopt the Statement of Intent:

Senator Watt Moved the Taxation Committee Adopt a Statement of Intent, reflecting the concerns referred to above. Motion carried, see attached committee report.

Senator Towe then Moved HB915 As Amended, Be Concurred In. The motion carried on a 6-4 roll call vote. Note absence of Sens. Roskie and Norman during vote.

Following disposition of this bill the meeting was adourned.


JEAN A. TURNAGE - CHAIRMAN

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 1-12-79 House Bill No. 915 Time _____

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

Nita Fjeseth
Secretary

Jean A. Turnage
Chairman

6 *4*
Carried

Motion: As Amended

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

STANDING COMMITTEE REPORT

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MR. PRESIDENT

We, your committee on Taxation

having had under consideration House Bill No. 915

Respectfully report as follows: That House Bill No. 915

STATEMENT OF INTENT

Section 1. It is the intent of the Legislature that the amount of tax anticipation notes authorized in House Bill 915 should not exceed more than \$50,000,000 in each of the 2 fiscal years of this biennium. Further, it is the intent of the Legislature that any notes issued in a fiscal year shall be fully paid before the end of the fiscal year.

Section 2. It is further the specific intent of the Legislature that the passage of this bill will reduce the need for borrowing from other state funds, such as the highway department earmarked revenue, or any of the coal tax trust funds, and that this practice will be curtailed.

Section 3. It is further the understanding of the Senate Taxation Committee of the Legislature that sufficient income will be obtained from investment of the unused portion of any revenues from the tax anticipation notes to offset the interest cost of these notes.

Section 4. It is further the specific intent of the Legislature that no tax anticipation notes shall be issued to refund or pay outstanding notes. In the event sufficient revenues are not available to pay the tax anticipation notes at the end of the 1981 fiscal year, it is the intent of this Legislature that this program shall not be continued.

And that such Statement of Intent

BE ADOPTED

JEAN A. TURNAGE -

Chairman.

STANDING COMMITTEE REPORT

April 12 19 79

MR. President

We, your committee on Taxation

having had under consideration House Bill No. 915

Respectfully report as follows: That House Bill No. 915,
third reading bill, be amended as follows:

1. Page 1.

Following: line 24

Insert: "Appropriations during any biennium are limited to projected revenue, exclusive of notes issued in anticipation of revenue."

And, as so amended,

BE CONCURRED IN

DO PASS:

JA

J. A. T.

JEAN A. TURINAGE

Chairman.