

HOUSE TAXATION COMMITTEE MEETING MINUTES  
April 14, 1981

A meeting of the House Taxation Committee was held on Tuesday, April 14, 1981 at 10:00 a.m. in Room 102 of the State Capitol. All members were present. EXECUTIVE ACTION was taken on SENATE BILL 200, and SENATE BILL 355 was amended.

SENATE BILL 355 was considered. Rep. Nordtvedt said he wanted some amendments put on it; see Exhibit "A." The fee schedule would be replaced by another formula which was \$5 plus an ad valorem fee, which was 2% of the middle of each of the value brackets. The value brackets were from the average wholesale book values. Of 500,000 vehicles in Montana, 280,000 are off the books, and probably fall into the \$0 - \$1,000 category. Their total fee would be \$15. The other 220,000 vehicles have an average wholesale value of about \$2,700 so they would be in the \$2,000 - \$4,000 bracket, and their fee would be \$65. He proposed striking the last two categories on the schedule in the amendment. The January Blue book would be taken each year and fees would be determined from it. The book would be distributed upon request; in addition, the information would be put in the computer.

The Committee agreed to leave the amendments as they had been originally suggested, without the proposed deletion.

It was brought out that if the fee was proportional to value, it was deductible on federal income taxes. If 22% of the taxpayers who itemize were assumed to be in higher socio-economic conditions, and were assumed to own more expensive cars and more cars, there would be more savings. This fee schedule is designed to amount to a \$31 million reduction in vehicle taxes in the State.

Rep. Brand wanted to know where the loss would be picked up, Rep. Nordtvedt said it would come from the \$90 million surplus revenue or a severance tax, in his opinion. The fiscal impact in the State would be within \$1 million of the original Fiscal Note. The \$37 million estimate was from before a revised estimate of the number of vehicles in the State was available.

Rep. Sivertsen submitted that the Committee should try to give some direction to the Summit and show some leadership.

Rep. Nordtvedt moved the amendments. Discussion took place regarding the fiscal impact. Rep. Harrington expressed hope that some money could be come up with to make up the loss to local governments. Rep. Nordtvedt said the fiscal impact on the Cities, Counties, and School Districts was the same as in the original Fiscal Note.

The question was then called for on the amendments; motion carried

with Reps. Harrington, Brand, Underdal, and Oberg opposed.

Rep. Nordtvedt then said he would like the Committee to reconsider its action on SENATE BILL 200. Rep. Devlin so moved it.

Rep. Nordtvedt said that instead of allowing the people to deduct 100% of their tax, the bill could be amended to say that they could deduct 75% of the tax in arriving at net proceeds. He moved the amendment. Several other percentage levels were suggested.

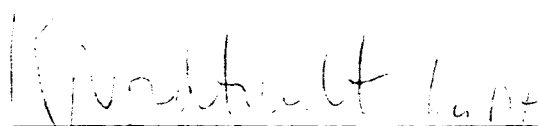
Rep. Dozier submitted that the bill should be left dead.

The question was then called for on the motion to reconsider the Committee's action on the bill; motion carried 10 - 9; see roll call vote.

Discussion took place on the amendments. The question was then called for on the motion to amend the amount to 75%; motion carried 12 - 6; see roll call vote.

It was then moved that the bill BE CONCURRED IN AS AMENDED; motion failed 11 - 8; see roll call vote. The vote was switched, for a BE NOT CONCURRED IN AS AMENDED recommendation.

The meeting was adjourned at 10:30 a.m.



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Rep. Ken Nordtvedt - Chairman

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PROPOSED AMENDMENTS TO SB 355  
Second reading copy

1. Page 2, line 3 through line 5.

Following: "(2)" on line 3

Strike: line 3 through line 5 in their entirety

Insert: "Average wholesale value" means the value of a light vehicle to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue."

2. Page 2, line 24 through page 3, line 16.

Following: "(1)" on line 24

Strike: line 24 through line 16 on page 3 in their entirety

Insert: "Except as provided in subsection (3), the light vehicle fee is \$5 plus the ad valorem fee contained in the following schedule, which is based on the January average wholesale value of a vehicle:

Average wholesale value	Ad valorem fee
\$0 - \$ 1000	\$10
\$1001 - \$ 2000	\$30
\$2001 - \$ 4000	\$60
\$4001 - \$ 6000	\$100
\$6001 - \$ 8000	\$140
\$8001 - \$10000	\$180
\$10001 - \$12000	\$220
Over \$12000	\$260

Renumber: subsequent sections

3. Page 3, line 19.

Following: "\$5."

Insert: "(3) The department of justice, motor vehicle division, shall distribute the fee classification schedule provided for in subsection (1) to all county assessors, and to vehicle dealers upon request."