

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 19, 1981

The seventh meeting of the Taxation Committee was called to order by Chairman Pat Goodover at 8:05 a.m. in Room 415, State Capitol Building.

ROLL CALL: All members were present.

Chairman Goodover announced that following presentation of Senate Bills 30 and 31 the committee would review Senate Bill 34 because of additional considerations. With Sen. McCallum chairing, Sen. Goodover presented his bills.

CONSIDERATION OF SENATE BILL 30: Sen. Goodover said this is an act to repeal the individual income tax surtax. An amendment will be forthcoming as to some date changes. He told of results of a Great Falls Chamber of Commerce survey which showed 88% of respondents in favor of eliminating the surtax. He feels people are more united on repeal of this tax than any other issue. The tax was originally supposed to be a temporary one. The fiscal note on SB30 shows that it is estimated to decrease revenue in 1982 by 2.8 million and in 1983 to 15 million dollars. The bill does not create additional taxes because the money is available from existing revenue. He said he would offer an amendment that would make effective date on page 3, line 25, read 1981 instead of 1982 and on page 4, line 1, read 1980 instead of 1981. He asked the Committee for a do pass on this bill.

PROPOSERS: Dennis Burr, Montana Taxpayers Association, said it is the taxpayer's wish that we repeal the surcharge as it is about the most disliked feature of the tax system.

Janelle Fallon, representing the Montana Chamber of Commerce, feels her organization is representative of the business and income-producing segment of the state and agreed that the surtax is very unpopular, subject to political game playing, a temporary tax, and should never have been left on the books.

Dave Goss, Billings Area Chamber of Commerce, said their position has been to favor a tax base set at a level that is necessary to fund local services of the state and counties, and is in favor of eliminating these deceptive add-on taxes.

There were no further proponents and no opponents to Senate Bill 30.

Senator Eck, on record for a clarification, said the surtax was imposed by a vote of the people who chose a 40% surtax rather than have a state sales tax. She felt that people would still choose to have surtax rather than a sales tax.

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Questions from the Committee: What is difference between your bill and the impact of Gov. Schwinden's proposal? Ans. The idea of this bill is to make it an outright repeal, since it really is a sales tax on your income. Sen. Towe: One objection in the past has been that by repealing the surtax tax, relief is given to the wealthy and very little to the poor or lower income people. Answer: The majority of people who pay surtax are the people that are successful and have to pay a tax, so people who aren't paying won't be affected. In answer to Sen. Manley's question about where this tax might show up later in other ways, Sen. Goodover answered that at present there is a 107 million dollar surplus assigned for tax relief, and other surplus-tax bills are not in yet and that is why these bills are going to be held.

Sen. Crippen stated he is a believer in the multiplier theory and feels that expansion of the tax base creates more taxes and would like to see this aspect projected.

Sen. Goodover closed on Senate Bill 30 and, at the same time, referred to Senate Bill 31.

CONSIDERATION OF SENATE BILL 31: Sen. Goodover stated that while SB 30 was for outright appeal, SB 31 will phase out the surtax so that 3 years from now it won't exist. The bill was introduced this way because of lack of knowledge of revenue availability. These bills will be held up until there's a more clear plan of what's happening in working out revenue and taxes. He indicated he would request a fiscal note on Senate Bill 31.

There were no proponents or opponents.

Questions from the Committee: Sen. Manley wondered about the advisability of drawing up a committee bill for the next election and seeing how people feel about either a sales tax or a surtax.

There were no further comments or questions, and the hearing was closed on Senate Bills 30 and 31.

RECONSIDERATION OF SENATE BILL 34: Senator Goodover said that he had talked to the Cascade County Assessor about this bill since the original hearing and some things that were uncovered were: If a senior who has the tax classification relief decides to sell his house to a son, daughter, or relative on a contract for deed, the deed is not filed until paid off. For the length of the contract the new owner would get the tax break benefit. He felt there should be some form of re-application to make the relief apply to the senior only and not to subsequent purchasers. Sen. Severson said that sometimes you might have the original owner's name on a contract for deed, but always your own name, too. Sen. Towe said that statement of purchaser's interest is the only thing that prevents

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the buyer going out and selling property again. Sen. Crippen felt that page 2, lines 1-3 took care of that, but continued that he feels concern about the notice requirements given to the county.

Sen. Goodover didn't see problems with the present law on that fact as the seniors don't even have to make a trip to the assessor to say there has been no change.

Sen. Eck suggested an affidavit to be signed from the Assessor's office by the senior stating that there had been no change.

Sen. Towe proposed amendment language to this bill. Senator Brown moved that the amended bill be adopted. The motion carried and Senate Bill 34 amended passed unanimously.

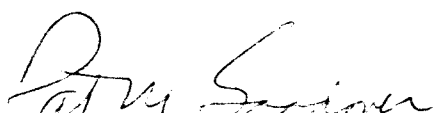
It was decided to schedule a full day for taking action on Senate Bills 6, 11, and 20. Chairman Goodover told members that the policy of the chairman was that everyone have full and complete information on any bill they were considering before they voted.

Sen. Severson asked about considering SB 47, but it was decided more information was needed. He felt SB 47 should be acted on affirmatively by the committee so that it could go on to the House.

Sen. Eck said she felt the committee should wait to see a list she heard was being prepared with a county-by-county breakdown of what this bill would mean in terms of impact.

Sen. Goodover said he had asked Cort Harrington to get a packet of all bills that have come out of the House and Senate that will be taxation bills regarding state or local governments, education, welfare, etc.--all bills that might have impact on committee's decisions.

The meeting was adjourned.


PAT M. GOODOVER, CHAIRMAN

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 1/19/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

DATE January 19, 1981

COMMITTEE ON Taxation

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

STANDING COMMITTEE REPORT

January 19

81

19.....

MR. PRESIDENT:.....

TAXATION

We, your committee on.....

having had under consideration..... Senate..... Bill No. 34

Respectfully report as follows: That..... Senate..... Bill No. 34

(white) be amended, as follows:

1. Line 3, page 2

Following: "eligibility."

Insert: "The taxpayer shall inform the department of any change in eligibility. The department may inquire by mail whether any change in eligibility has taken place and may require a new statement of eligibility at any time it considers necessary."

And, as so amended,

DO PASS