

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 26, 1981

The 57th meeting of the committee was called to order at 7:30 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: Senator Manley absent, all other members present.

DISPOSITION OF HOUSE BILL 156:

There were technical amendment changes to be made to HB 156. A motion was made we reconsider HB 156 for such amendment by Senator Towe. The comments clarified the technical amendments and Senator Towe moved the amendments be adopted. It was voted unanimously to so do.

Senator Eck moved HB 156 BE CONCURRED IN, as amended. Senator McCallum made a substitute motion to place all other bills that have fiscal impact on the state revenues on the table until we get a better handle on it. Senator McCallum moved to table. He withdrew the table motion and made a motion we hold until we receive the revised fiscal note for HB 156. The motion carried unanimously.

DISPOSITION OF HOUSE BILL 561:

The chairman announced a letter had been sent to John Larson requesting the return of House Bill 561 so we could reconsider our actions. A motion was made to concur in HB 561. Motion carried unanimously.

DISPOSITION OF HOUSE BILL 13:

Senator Elliott said the amendments that were handed out yesterday were drafted and the Department of Revenue suggested some amendments.

ELLIOTT: The main change appears on page 2, sub-paragraph 6, where they extended time to 60 days from 30 days before the penalty will be imposed for late payment. When notice of late payment is sent out, the 30-days notice is used up pretty quickly and the recommendation was to extend to 60 days. I move the amendments. The amendments were voted unanimously.

Senator Norman made a motion the bill BE CONCURRED IN AS AMENDED. The vote was unanimous in favor.

DISPOSITION OF HOUSE BILL 63:

Ellen Feaver said she would try to come up with a fiscal note on HB 63.

DISPOSITION OF HOUSE BILL 805:

CORT: There is a substantive change. Page 1, line 20, mentions Chapters 11, 22, 23, and 35. Changed to be chapter 12, parts 22 and 43, are the ones for rural lighting districts and regulate lighting districts, so this bill wouldn't include the typical SID.

TOWE: What was the reason for that?

CURREY: It was never intended SIDs be included in this bill. We just wanted lighting districts included.

TOWE: Will the districts that you have retained in the bill have their own governing board?

CURREY: Yes. If the bill remained the way it is and you set up a metro district, you could not set up a SID in the district. It is a technical amendment.

McCALLUM: You are creating a super-board because it takes over all other districts. What about the small mosquito district?

CURREY: I interpret this bill that the little district people, unless they decide to dissolve their district, the metro could go around them but could not have anything to do with the mosquitos.

Senator Towe moved the amendment on page 2, line 14, after "form" add "or join". The amendment was voted unanimously.

Senator Eck made a motion HB 805 BE CONCURRED IN, as amended.

McCALLUM: Would this be like the rural fire districts- metro board sets up budget, comes to commissioner hearing, but commissioners can't cut the budget?

CURREY: That's right. The Board of Directors would have power to set the budget.

The question was called. The vote was unanimously in favor of amendments and passage of the bill. HB 805 to BE CONCURRED IN, AS AMENDED. Senator Elliott will carry the bill on the floor.

DISPOSITION OF HOUSE BILL 804:

Senator S. Brown made a motion to give HB 804 a BE CONCURRED IN. The vote was unanimously in favor. Senator Ochsner will carry.

DISPOSITION OF HOUSE BILL 223:

CORT: Page 5, line 7, "levels" should be stricken and "levies" inserted.

Senator Towe moved the amendment; it carried unanimously.

TOWE: Title, page 1, line 6, strike everything after "BY" and strike all of line 7. Page 3, line 4, strike the "4" and insert

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"5". What that does is restore the alternative research and development program to what it was before. It takes the 1% which stays and would reduce the amount allocated from general fund from 19% to 18%. This would satisfy all the opponents and it's about \$500,000 a year. Instead of robbing the research program, it would take it out of the general fund.

S. BROWN: When we talk about projects we are talking about the whole thing? Stream bank stabilization, not just the water development program?

BECK: We are talking about everything.

ECK: The alternative energy program is getting into a new program of loans this time. I think their money will be more needed and better used. It is my understanding that this fund is replacing general fund money already. My amendment will put it back to the status quo.

The chairman pointed out that the general fund money had been projected.

CRIPPEN: If the appropriation for these districts has been deleted from the general fund because Finance and Claims was under the impression this would pass and take care of it, we have to watch that. I am in favor of doing something for the conservation districts, but I think it should come out of the general fund.

OCHSNER: I thought we had a two-mill special levy through for conservation districts.

McCALLUM: My understanding of Towe's amendments is that he will be taking 1% of the coal tax out of the general fund; then anticipated revenue will be short that much.

GOODOVER: Finance and Claims did not include it in the general fund budget. If we adopt this, it should go back to Finance and Claims.

SEVERSON: I don't have that big a problem with pulling out of the alternative energy program. I have opposed use of the money in the alternative energy area. With the increased money coming in under alternative energy, they are starting to get more worthy projects.

The chairman said because there were two members who were not present for the vote, we would pass it for now.

ECK: If you had \$500,000, is there a plan within the department to spend it and what does it include?

BECK: Presently we get the \$100,000 and divide it up into districts. Only about \$1,000 per district. We wouldn't be able to handle the mill.

DISPOSITION OF HOUSE BILL 622:

Senator Eck made a motion that HB 622 BE CONCURRED IN. The motion carried, Senator Bob Brown dissenting. Senator Eck will carry the bill.

DISPOSITION OF SENATE BILL 460:

Senator Towe moved DO PASS SB 460. Motion carried unanimously.

DISPOSITION OF SENATE BILL 252:

Senator Goodover said the statement of intent is on the back and requires the DOR to place automobiles and light trucks into one of four classes for purposes of property taxation. The fiscal note will say it will be from oil severance or other funds.

Cort said the Motor Vehicle Division is starting to get some figures on it. They don't have anything yet.

S. BROWN: I still have the understanding we are going to pass the Governor's bill.

TOWE: I take it you won't oppose sending out the Governor's? If we pass your bill, are you going to oppose sending out the other bills unamended?

GOODOVER: There will be an amendment proposed on the oil bill of the Governor's.

SEVERSON: As far as this bill. It is different than anything we have looked at before. It does take a look at the big car and the small car. Let's look at the idea of passing fee bills. We are the people who should be making the decision here. We are supposed to be the experts and this is where the decision should be made. I wouldn't object to a House subcommittee and a Senate subcommittee together. I think we should take one fee bill from here, one from the House, and SB 126 and let them make a choice. I am personally opposed to it going to a summit.

S. BROWN: When we sent your bill out, that was the agreement. I want to reconsider the whole package.

CRIPPEN: To address your bill there are 2 problems: 1) We have to tax someone to get the money to pay for it, and 2) I have a Mercedes and it's 9 years old and I would pay less taxes under your bill than someone with a different model.

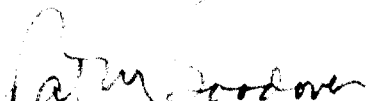
TOWE: I agree this is where decisions should be made. But the facts of life is this is not the year the decisions are going to be made. I have a few mechanical changes to make. After going over the amendments, a motion was made to adopt them. The motion carried, Senator Crippen dissenting.

Senator Towe moved DO PASS, AS AMENDED. A roll call vote showed a 7-4 vote in favor of passage.

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The chairman said SB 356 would be the first bill looked at in the morning.

The meeting was adjourned at 10:00 a.m.



PAT M. GOODOVER, Chairman

ROLL CALL

TAXATION

COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 3/26/81

| 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.

Taxation

COMMITTEE

Exec. Session
ROLL

VISITORS' REGISTER

DATE 3/26/81

Please note bill no.

(check one)

NAME

REPRESENTING

BILL #

SUPPORT | OPPOSE

OPPOSE

Sec. 1002

MT. ASOL GRADUATE

83805

✓

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

March 25, 1981

MEMORANDUM

To: John W. Larson, Secretary of the Senate

Re: Adverse Committee Report on House Bill No. 561.

Dear Secretary Larson:

This letter requests return of the Adverse Committee Report and copy of House Bill No. 561, which was delivered to you by my committee secretary.

The reason for return of this bill is because the committee has this day voted to reconsider our action in adopting the Adverse Committee Report.

Sincerely yours,

Pat Goodover, Chairman
Senate Committee on Taxation

PG:paa

STANDING COMMITTEE REPORT

March 26 19 81

PRESIDENT:

MR.

TAXATION

We, your committee on

having had under consideration **House** Bill No. **561**

Sivertsen (Goodover)

Respectfully report as follows: That **House** Bill No. **561**

BE CONCURRED IN

~~XXXX~~
DO PASS

PA

STANDING COMMITTEE REPORT

March 26

1981

MR. **PRESIDENT**

We, your committee on **TAXATION,**

having had under consideration **HOUSE** Bill No. **13**

Fabrega (Elliott)

Respectfully report as follows: That **HOUSE** Bill No. **13**
third copy (blue), be amended as follows:

1. Title, line 7.

Following: "CASES"

Insert: "AND TO EXTEND THE PERIOD BEFORE A PENALTY MAY BE ASSESSED"

Following: "AMENDING"

Strike: "SECTION"

Insert: "SECTIONS"

Following: "15-1-206,"

Insert: "15-30-142, AND 15-30-323,"

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

2. Page 1, line 23.

Following: line 22

Strike: "penalty or"

XXXXX
DO NOT

(CONTINUED)

3. Page 1.

Following: line 23

Insert: "(3) Whenever the department is notified of a change in federal taxable income as the result of a federal adjustment or upon filing an amended federal return, as provided for in 15-30-304, the department shall abate the interest on the additional tax liability from the date the department is notified until the department sends the statement of increased tax liability to the taxpayer.

(4) The department may waive or abate interest accrued prior to July 1, 1981, on additional individual income tax liability for tax years beginning after December 31, 1978, and on or before December 31, 1979, due to the refund of Alaska personal income tax during the period January 1, 1980 through December 31, 1980.

Section 2. Section 15-30-142, MCA, is amended to read: "15-30-142. Returns and payment of tax-penalty and interest-refunds-credits.

(1) Every single individual and every married individual not filing a joint return with his or her spouse and having a gross income for the taxable year of more than \$940 and married individuals not filing separate returns and having a combined gross income for the taxable year of more than \$1,880 shall be liable for a return to be filed on such forms and according to such rules as the department may prescribe. The gross income amounts referred to in the preceding sentence shall be increased by \$800 for each additional personal exemption allowance the taxpayer is entitled to claim for himself and his spouse under 15-30-112(3) and (4).

A nonresident shall be required to file a return if his gross income for the taxable year derived from sources within Montana exceeds the amount of the exemption deduction he is entitled to claim for himself and his spouse under the provisions of 15-30-112(2), (3), and (4), as prorated according to 15-30-112(6).

(2) In accordance with instructions set forth by the department, every taxpayer who is married and living with husband or wife and is required to file a return may, at his or her option, file a joint return with husband or wife even though one of the spouses has neither gross income nor deductions. If a joint return is made, the tax shall be computed on the aggregate taxable income and the liability with respect to the tax shall be joint and several. If a joint return has been filed for a taxable year, the spouses may not file separate returns after the time for filing the return of either has expired unless the department so consents.

(3) If any such taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by a guardian or other person charged with the care of the person or property of such taxpayer.

(4) All taxpayers, including but not limited to those subject to the provisions of 15-30-202 and 15-30-241, shall compute the amount of income tax payable and shall, at the time of filing the return required by this chapter, pay to the department any balance of income tax remaining unpaid after crediting the amount withheld as provided by 15-30-202 and/or any payment made by reason of an estimated tax return provided for in 15-30-241; provided, however, the

(CONTINUED)

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tax so computed is greater by \$1 than the amount withheld and/or paid by estimated return as provided in this chapter.

If the amount of tax withheld and/or payment of estimated tax exceeds by more than \$1 the amount of income tax as computed, the taxpayer shall be entitled to a refund of the excess.

(5) As soon as practicable after the return is filed, the department shall examine and verify the tax.

(6) If the amount of tax as verified is greater than the amount theretofore paid, the excess shall be paid by the taxpayer to the department within 30 60 days after notice of the amount of the tax as computed, with interest added at the rate of 9% per annum or fraction thereof on the additional tax. In such case there shall be no penalty because of such understatement, provided the deficiency is paid within 30 60 days after the first notice of the amount is mailed to the taxpayer.

Section 3. Section 15-30-323, MCA, is amended to read: "15-30-323. Penalty for deficiency. (1) If the payment required by 15-30-142(6) is not made within 30=60 days or if the understatement is due to negligence on the part of the taxpayer but without fraud, there shall be added to the amount of the deficiency 5% thereof; provided, however, that no deficiency penalty shall be less than \$2. Interest will be computed at the rate of 9% per annum or fraction thereof on the additional assessment. Except as otherwise expressly provided in this subsection, the interest shall in all cases be computed from the date the return and tax were originally due as distinguished from the due date as it may have been extended to the date of payment.

(2) If the time for filing a return is extended, the taxpayer shall pay in addition interest thereon at the rate of 9% per annum from the time when the return was originally required to be filed to the time of payment.

Section 4. Effective date. This is effective on passage and approval."

And as so amended
BE CONCURRED IN

STANDING COMMITTEE REPORT

March 25

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PRESIDENT:

MR.

TAXATION

We, your committee on

having had under consideration **House** Bill No. **622**

Neuman (Eck)

Respectfully report as follows: That **House** Bill No. **622**

BE CONCURRED IN

~~XXXXXX~~
DO PASS

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STANDING COMMITTEE REPORT

March 26 1981

PRESIDENT:

MR.

TAXATION

We, your committee on

having had under consideration **Senate** Bill No. **460**

Respectfully report as follows: That **Senate** Bill No. **460**

DO PASS

STANDING COMMITTEE REPORT

March 26

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MR. **PRESIDENT**

We, your committee on **TAXATION,**

having had under consideration **HOUSE** Bill No. **804**

Williams (Ochsner)

Respectfully report as follows: That **HOUSE** Bill No. **804**

BE CONCURRED IN
~~XXXXXXXX~~

STANDING COMMITTEE REPORT

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MR. **PRESIDENT:**

We, your committee on **TAXATION**

having had under consideration **Senate** Bill No. **355**

Respectfully report as follows: That **Senate** **355** Bill No.

DO PASS

SENATE COMMITTEE TAXATION

Date Mar. 26, 1981 Senate Bill No. 355 Time _____

| NAME | YES | NO |
|-------------------------------|--------|----|
| SEN. McCALLUM (Vice-Chairman) | ✓ | |
| SEN. BOB BROWN | ✓ | |
| SEN. STEVE BROWN | ✓ | |
| SEN. CRIPPEN | | ✓ |
| SEN. ECK | ✓ | |
| SEN. ELLIOTT | absent | |
| SEN. HAGER | absent | |
| SEN. HEALY | ✓ | |
| SEN. MANLEY | absent | |
| SEN. NORMAN | ✓ | |
| SEN. OCHSNER | | ✓ |
| SEN. SEVERSON | | ✓ |
| SEN. TOWE | ✓ | |
| SEN. GOODOVER (CHAIRMAN) | ✓ | |

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Betty Dean
Secretary
Motion: Do PASS.

Pat M. Goodover
Chairman

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

STANDING COMMITTEE REPORT

March 26, 1981

MR. **PRESIDENT:**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **252**

Respectfully report as follows: That **SENATE** Bill No. **252**,
the introduced bill, be amended as follows:

1. Page 3, line 6.

Following: line 5

Strike: all of Section 4 through line 15 on page 4

Insert: **"NEW SECTION.** Section 4. Property tax on automobiles and light trucks. (1) The department of revenue shall adopt rules placing all automobiles and light trucks into one of the following four classes:

- (a) class I - subcompact and compact vehicles;
- (b) class II - intermediate vehicles;
- (c) class III - standard vehicles; and
- (d) class IV - luxury vehicles.

(2) The department of revenue shall use the following criteria when placing vehicles into each class:

(a) the original purchase price of the vehicle relative to the price of other vehicles of the same year; and

(b) such other criteria as the department considers necessary to carry out the intent of this section.

(3) A property tax is imposed on light trucks, as that term is defined in [section 3], and on automobiles according to the following

~~XXXX~~ schedule:

(Continued)

| Age of Vehicle | Class of Vehicle | | | |
|-------------------|------------------|----|-----|-----|
| | I | II | III | IV |
| 1 yr. | 80 | 90 | 120 | 160 |
| 2 yr. | 70 | 80 | 110 | 140 |
| 3 yr. | 60 | 70 | 100 | 120 |
| 4 yr. | 50 | 60 | 90 | 100 |
| 5 yr. | 40 | 50 | 70 | 80 |
| 6 yr. | 30 | 40 | 50 | 60 |
| 7 yr. | 25 | 30 | 35 | 40 |
| 8 yr. and older | 15 | 15 | 20 | 20* |

And, as so amended,
DO PASS

(statement of intent attached)

STANDING COMMITTEE REPORT

March 26

1981

MR. **PRESIDENT**

We, your committee on **TAXATION,**

having had under consideration **STATEMENT OF INTENT** **SENATE** Bill No. **252**

Respectfully report as follows: That **STATEMENT OF INTENT** **SENATE** **252**
be adopted. Bill No.

STATEMENT OF INTENT RE: SB 252

A statement of intent is required for Senate Bill 252 because it grants the Department of Revenue the authority to place automobiles and light trucks into one of four classes for purposes of property taxation. The National Automobile Dealers' Used Car Guide places automobiles and light trucks into four categories. The NADA categories include:

| | |
|----------|------------------------------|
| Category | I - subcompacts and compacts |
| Category | II - intermediate |
| Category | III - standard size |
| Category | IV - luxury |

It is the intent of the legislature that the Department of Revenue place those automobiles and light trucks that NADA places in Category I into Class I; and place those automobiles and light trucks that NADA places in Category II into Class II, and so on.

~~XXXXX~~ First adopted by the Senate Taxation Committee on the 26th day of March, 1981.

SENATOR PAT GOODOVER,

Chairman.

SENATE COMMITTEE TAXATION

Date 3/26/81 Senate Bill No. 252 Time 9:40

| NAME | YES | NO |
|-------------------------------|-----|----|
| SEN. McCALLUM (Vice-Chairman) | ✓ | |
| SEN. BOB BROWN | | ✓ |
| SEN. STEVE BROWN | ✓ | |
| SEN. CRIPPEN | | ✓ |
| SEN. ECK | ✓ | |
| SEN. ELLIOTT | | |
| SEN. HAGER | | |
| SEN. HEALY | ✓ | |
| SEN. MANLEY | | |
| SEN. NORMAN | ✓ | |
| SEN. OCHSNER | | ✓ |
| SEN. SEVERSON | | ✓ |
| SEN. TOWE | ✓ | |
| SEN. GOODOVER (CHAIRMAN) | ✓ | |

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Betty Dean
Secretary
Motion: Do PASS, as amended

Pat M. Goodover
Chairman

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