

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 27, 1981

The 58th meeting of the committee was called to order at 8:00 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members present.

CONSIDERATION OF HOUSE BILL 292:

"AN ACT REPEALING THE MONTANA INHERITANCE TAX AND AMENDING THOSE SECTIONS THAT APPLY TO THE ADMINISTRATION OF BOTH THE INHERITANCE TAX AND THE ESTATE TAX."

Representative Wallin, District 76, passed attachment #1 to the committee. He said this bill deals with the inheritance tax and its repeal. HB 292 is a total repealer and there is nothing political about 292. This bill passed by more than 2-1 in the House. Objectors said it would apply to the wealthy person. On the sheets I have passed out you will see there are very few big estates. The estate tax is a tax on a lifetime of savings and doesn't treat family members equally. Looking at a gross estate of \$455,000, the Montana tax on your children would be \$8,510 but your son-in-law would have to pay \$34,000. There are many inequities. Some people change their residence to escape the tax. Representative Wallin introduced Representative Fred Briggs, District 82, Dillon, who testified as a proponent.

MORE PROPONENTS: Dennis Burr, Montana Taxpayers Association; Gary Langley, National Federation of Independent Business; Mons Tiegen, Montana Woolgrowers, Stockgrowers, and Montana Cowbells; and Ann Scott, Farmers Union and Farm Bureau; and Lois Tonne, WIFE.

There were no opponents and questions were called from the committee.

ELLIOTT: Do you think it is good social policy to give property to persons who have not worked for benefit of this property?

WALLIN: If the man who passed away wanted to give it that way, it would have been up to him.

CRIPPEN: I spent a lot of years doing estate planning, and gave very little attention to state inheritance taxes because they didn't enter into the picture. I am sure you are aware that, even if they eliminate the inheritance tax, you are not solving the problem as you still have to pay federal estate tax.

MANLEY: This is called around this table a rancher relief bill. I would say the lion's share of the tax paid is from businesses being taxed, not ranches.

ECK: The most objectional to me are estates of \$175,000 and

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under. The only thing they pay is the Montana inheritance tax. Do you have any idea how much it would cost us?

STAHL: Virtually all are involved in the Montana tax situation. The already high tax would be the Montana state tax which would be applicable no matter what state they lived in.

TOWE: I think what Dorothy was getting at is what do you think the fiscal note would be if we made every estate under \$175,000 exempt from the tax.

STAHL: I don't want to make a statement without going into it.

TOWE: Question about the fiscal note. What was the fiscal note on SB 255?

STAHL: 2 million a year.

TOWE: And you estimate we take in about 2 million dollars on the estate tax?

STAHL: It would be difficult to analyze.

TOWE: How much in 1980?

STAHL: About 2.2 million, just the credit alone.

TOWE: I am surprised the fiscal note is as high as it is.

STAHL: It could be higher. I don't think it would exceed 2.5 million now.

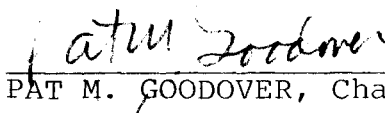
TOWE: You don't think we should put an escalating factor in it?

STAHL: No.

Representative Wallin closed saying it is an oppressive tax.

The hearing was closed on House Bill 292.

The meeting was adjourned at 9:00 a.m.


PAT M. GOODOVER, Chairman

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 3/27/81

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.

SENATE

Legation

COMMITTEE

BILL 292

VISITORS' REGISTER

DATE 3/27/81

Please note bill no.

(check one)

NAME

REPRESENTING

BILL #

SUPPORT

OPPOSE

Eric StohlDEPT. OF REVENUE292XJohn J. HillMont. State Univ.Dennis R. RyrMONTANA292XHow Lane KyNAT. FED. OF IND. BUSINESS292X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY