

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
January 10, 1983

The meeting was called to order at 9:00 a.m. by Chairman Yardley. Roll call was taken and all committee members were present except Representative Harrington, who was excused.

Testimony was heard on House Bills 81 and 91 during this meeting.

HOUSE BILL 91

REPRESENTATIVE MUELLER, sponsor of HB 91, said the bill amends existing law to fit what is actually being done. He said agriculture land is being classified by 640 acre sections, or portions of a section owned. If the present law is followed and, for example, a landowner owns 640 acres, a classification sheet is required for each 40 acres in that section. If HB 91 is passed there would only be one classification sheet required for each section.

Proponents

ELLEN FEAVER, Director of the Department of Revenue, said HB 91 will make the reappraisal of timber land less costly than the statutes now provide.

There were no opponents to testify on HB 91.

REPRESENTATIVE JACOBSEN asked if HB 91 covers all lands or just timber lands. Greg Groepper, Department of Revenue, said HB 91 covers all lands. He said the Department of Revenue would have the option to record land in larger parcels than is now required.

REPRESENTATIVE REAM asked if a landowner had several legal descriptions per section of land owned, would there be an assessment done on each legal description. Les Saisburg, Department of Revenue, said the Department of Revenue would try to consolidate legal descriptions per section.

The hearing on HB 91 was closed.

HOUSE BILL 81

REPRESENTATIVE NORDTVEDT, sponsor of the bill, said HB 81 was introduced by request of the Revenue Oversight Committee. He said when most taxes are paid late there is an interest rate

added to the overdue tax bill. That is part of an incentive system to pay your taxes on time. There is a "quirk" in the law concerning mineral taxes. The payer calculates what he owes and then pays his taxes. The Department of Revenue will then audit the production records to see if the payer paid the correct amount of taxes. If the payer did not pay the sufficient amount of taxes, there is no law to allow interest to be charged on the taxes still owing. House Bill 91 would allow interest to be charged at 1% per month on taxes still owing.

There were no proponents or opponents to testify on HB 81.

REPRESENTATIVE DEVLIN asked if the 2% penalty charge would be applied against delinquent taxes. Representative Nordtvedt said the penalty charge would not apply. If the original taxes were paid on time and then an audit is performed which resulted in the finding of more tax being owed, there would be no penalty.

REPRESENTATIVE NILSON asked if there was an estimate on how much revenue is being lost due to this problem. Ms. Feaver said HB 81 is not a proposal to generate more revenue. She said the Department of Revenue is finding that there are significant amounts of taxes due and the interest penalty is an incentive to make sure the proper amount of taxes is being paid.

REPRESENTATIVE NORDTVEDT asked if an audit was performed and it was discovered there was an overpayment of taxes, would interest be paid to the payer on the amount of overpayment. Ms. Feaver said she did not know.

The hearing on HB 81 was closed.

CHAIRMAN YARDLEY called the committee into Executive Session.

EXECUTIVE SESSION

House Bill 81

REPRESENTATIVE WILLIAMS moved HB 81 DO PASS.

REPRESENTATIVE BERTELSEN asked Representative Nordtvedt, sponsor of HB 81, to consider an amendment to pay interest in the cases of overpayment on taxes. Representative Nordtvedt suggested the interest be paid at the rate of 1% per month on any overpayment.

CHAIRMAN YARDLEY asked Jim Oppedahl, staff researcher, to write the proper amendment.

REPRESENTATIVE NORDTVEDT moved an amendment be added to HB 81 to pay interest on overpayment of taxes.


The motion was voted on and PASSED unanimously.

CHAIRMAN YARDLEY said he would hold executive action on HB 81 until tomorrow's meeting.

House Bill 91

REPRESENTATIVE JACOBSEN made a motion to delay action on HB 91 until some questions have been answered. Chairman Yardley said a motion was not needed and he would give Representative Jacobsen 24 hours to have his questions answered and this committee will pass action on HB 91 for the day.

The meeting was adjourned at 9:35 a.m.


DAN YARDLEY, Chairman


Vicki Lofthouse, Secretary

VISITORS' REGISTER

HOUSE Taxation COMMITTEE

1 LL 415 Y1

Date January 10, 1983

SPONSOR

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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE Taxation COMMITTEE

BILL H 13-91

Date January 10, 1983

SPONSOR Glenn Wells

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT Page 1 of 2

January 11, 1983

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 81

First reading copy (White)
Color

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE ASSESSMENT OF INTEREST ON DEFICIENCY ASSESSMENTS FOR THE COAL SEVERANCE TAX, OIL AND GAS SEVERANCE TAX, MINING LICENSE TAXES, RESOURCE INDEMNITY TRUST TAX, ELECTRIC ENERGY PRODUCERS' LICENSE TAX, TELEPHONE COMPANY LICENSE TAX, COAL RETAILER'S LICENSE TAX, AND CEMENT TAXES."

Respectfully report as follows: That HOUSE Bill No. 81
be amended as follows:

1. Title, line 6.
Following: "ASSESSMENTS"
Insert: "AND OVERPAYMENTS"
2. Page 2.
Following: line 13
Insert: "Section 2. Credit for overpayment - interest on overpayment. (1) If the department of revenue determines that the amount of tax, penalty, or interest due for any year is less than the amount paid, the amount of the overpayment shall be credited

~~DO NOT REMOVE~~

DO PASS

STANDING COMMITTEE REPORT

January 11, 1983

SPEAKER:

MR.

TAXATION

We, your committee on

having had under consideration HOUSE Bill No. 91

First reading copy (White) Color

A BILL FOR AN ACT ENTITLED: "AN ACT TO MAKE STATUTES PROVIDING FOR PROPERTY DESCRIPTIONS FOR PROPERTY TAX CLASSIFICATION PURPOSES CONSISTENT WITH STATUTES PROVIDING FOR PROPERTY DESCRIPTIONS FOR TAX ASSESSMENT PURPOSES; AMENDING SECTION 15-7-103, MCA."

Respectfully report as follows: That HOUSE Bill No. 91

DO PASS