

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
January 11, 1983

The meeting was called to order at 8:00 a.m. by Chairman Yardley. Roll call was taken and all committee members were present except Representative Asay, who was excused.

Representative Asay came into the meeting just before the executive action was taken on HB 91.

House Bills 103, 116 and 125 were heard during this meeting. Executive action was taken on HB 81, HB 91, HB 103 and HB 116.

HOUSE BILL 103

REPRESENTATIVE WINSLOW, sponsor of HB 103, said the bill will reestablish the Coal Tax Oversight Subcommittee at a requested funding level of \$10,000 over the next biennium.

Proponents

REPRESENTATIVE ROUSH, a member of the Coal Tax Oversight Subcommittee, said the subcommittee is a very important subcommittee of the Department of Revenue Oversight Committee and supports the passage of HB 103. He said the subcommittee has been unable to perform some duties within the subcommittee during the past because of inadequate funding (which was \$6,000 for the last biennium) and that is why there is a request of \$10,000 funding.

REPRESENTATIVE WILLIAMS, a member of the Department of Revenue Oversight Committee, said that committee feels the Coal Tax Oversight Subcommittee is a useful subcommittee and should become a permanent part of the interim system.

There were no opponents to HB 103.

CHAIRMAN YARDLEY asked if HB 103 should be reassigned to the Appropriations Committee after it is passed out of this committee. Representative Winslow said it should be passed to the Appropriations Committee for approval of the \$10,000 funding request.

The hearing was closed on HB 103.

HOUSE BILL 125

REPRESENTATIVE HANSEN, sponsor of HB 125, said HB 125 is an act to remove the requirement that a joint income tax return must be filed by a married individual if that individual claims a deduction for child and dependent care expenses.

Proponents

STEVE HARPER, testifying in support of HB 125, said this bill will correct a "marriage penalty" problem. He said if you are married, have a child and pay child care you must file a joint tax return in order to take advantage of claiming that expense on your tax return. House Bill 125 would enable married people, with children, to file separate returns but still be able to claim child care as an expense on one of the returns.

REPRESENTATIVE KEMMIS told committee members that the problem being corrected by HB 125 is an anomaly in the Montana law. He said any Montana family with both parents working will not file joint returns in order to claim child care expenses because of the way the tax schedules are set up.

STACY FLAHERTY, representing the Women's Lobbyist Fund, read a prepared statement to the committee. (See EXHIBIT 1.)

ELLEN FEAVER, Director of the Department of Revenue, said her department has some concerns with HB 125 from an administrative point of view. She recommended adding language to Section 3B, of HB 125, saying "if separate filing taxpayers are allowed this deduction, they must file on the same form". She offered another suggestion that a specification or description of how the deduction would be allocated between the couple be added to the bill.

REPRESENTATIVE REAM asked Ms. Feaver to put her suggestions in writing for the benefit of this committee. Chairman Yardley asked her to have the suggestions written up as amendments to HB 125 and then offered to this committee for consideration. Ms. Feaver said she would do so.

REPRESENTATIVE REAM asked the sponsor of HB 125, Representative Hansen, if Ms. Feaver's amendments would be acceptable. Representative Hansen said she would like to have some time to study the amendments before they are accepted by this committee.

The hearing on HB 125 was closed.

HOUSE BILL 116

REPRESENTATIVE DEVLIN, sponsor of HB 116, said taxes are reported from the county treasurer to the State Treasurer on a monthly basis. The taxes on livestock are reported on a yearly basis. House Bill 116 would put livestock in the same reporting category as other taxes, on a monthly basis.

Proponents

CHARLES GRAVELEY, representing the county treasurers, said most

treasurers are now transmitting the reports on a monthly basis and HB 116 would bring the district reporting requirement in line with the other reporting requirements. The county treasurers will have no problem with this bill.

There were no opponents to testify on HB 116.

The hearing on HB 116 was closed.

REPRESENTATIVE NORDTVEDT, referring to suggestions offered on HB 125, said because of the equality of sexes, it would be difficult for this committee to say the allocation should be anything but split evenly between the couple. Chairman Yardley asked to have two amendments drafted for HB 125. One amendment would allow for a discretionary decision to deduct child care expenses and the other amendment would allow for the prorating of the deduction for child care expenses according to salaries of the couple.

CHAIRMAN YARDLEY called the meeting into Executive Session.

EXECUTIVE SESSION

House Bill 103

REPRESENTATIVE WILLIAMS moved HB 103 DO PASS.

CHAIRMAN YARDLEY reminded the committee members that HB 103 should be passed to the Appropriations Committee. Representative Williams said he would include that in his motion.

REPRESENTATIVE NORDTVEDT said this committee should set a pattern that any bill appropriating money be sent with the Taxation Committee's recommendation to the Appropriations Committee. Representative Neuman agreed and said this committee should not bypass the Appropriations Committee.

REPRESENTATIVE WILLIAMS changed his motion to DO PASS and then submit HB 103 to the Appropriations Committee.

REPRESENTATIVE NORDTVEDT spoke in opposition to the motion. He feels there is a suffering from proliferation of a lot of little subcommittees. He does not want to create any more interim subcommittees. The subcommittees should work more frequently with the full committees during the interim.

REPRESENTATIVE WILLIAMS, a member of the Department of Revenue Oversight Committee, said the full committee doesn't have the time to function in the areas that the subcommittees are asked to function. The subcommittees are important and a large part of the committee.

The motion was voted on and PASSED unanimously.

House Bill 81

REPRESENTATIVE NORDTVEDT moved HB 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 against any tax, penalty, or
interest then due from the taxpayer and the
balance refunded to the taxpayer or its successor
through reorganization, merger, or consolidation
or to its shareholders upon dissolution.
(2) Except as hereinafter provided for, interest
shall be allowed on overpayments at the same rate as
is charged on deficiency assessments provided in
[section 1] due from the due date of the return or
from the date of overpayment (whichever date is
later) to the date the department approves refund-
ing or crediting of the overpayment. Interest
shall not accrue during any more than 30 days by
reason of failure of the taxpayer to furnish
information requested by the department for the
purpose of verifying the amount of the overpayment.
No interest shall be allowed:
(a) if the overpayment is refunded within 6
months from the date the return is due or from
the date the return is filed, whichever is later; or
(b) if the amount of interest is less than \$1.
(3) A payment not made incident to a bona fide
and orderly discharge of an actual tax liability
or one reasonably assumed to be imposed by this
law shall not be considered an overpayment with
respect to which interest is allowable."
Renumber: subsequent section
3. Page 2, line 14.
Following: "instruction."
Strike: "Section 1 is"
Insert: "Sections 1 and 2 are"

4. Page 2, line 15.
Following: "as"
Strike: "an"
Following: "integral"
Strike: "part"
Insert: "parts"
5. Page 2, line 19.
Following: "to"
Strike: "section 1"
Insert: "sections 1 and 2"

The motion was voted on and PASSED unanimously.

REPRESENTATIVE NORDTVEDT moved HB 81 DO PASS AS AMENDED.

The motion was voted on and PASSED unanimously.

House Bill 50

The committee discussed HB 50. Representative Jacobsen suggested the following changes be made on page 3, line 25, of HB 50:

<u>Middle Book Value</u>	<u>Proportional Amount of Fee</u>
\$ 9,000 - \$13,000	\$120
\$13,000 - \$17,000	\$140
\$17,000 and over	\$160

REPRESENTATIVE KEENAN suggested taking the 1% increase of the middle book value all the way up on the value of the vehicles instead of stopping at \$9,000.

REPRESENTATIVE ASAY was present at the meeting at this time.

REPRESENTATIVE NORDTVEDT suggested have a fee category of \$2,000 increments with the fee at 1% of the midpoints.

REPRESENTATIVE WILLIAMS said if the fee categories were set up as suggested by Representative Keenan, the system would be more equalized.

REPRESENTATIVE DEVLIN reminded the committee that one of the major reasons for introducing HB 50 was to receive a deduction on the federal income tax forms. Representative Nordtvedt said if Montanans do not receive that deduction, he is not interested in pursuing HB 50 because that is the whole purpose of the bill.

REPRESENTATIVE BERTELSEN suggested checking with the Department of Justice to make sure the offered suggestions would work from an administrative standpoint.

House Bill 91

REPRESENTATIVE JACOBSEN moved HB 91 DO PASS.


The motion was voted on and PASSED unanimously.

House Bill 116

REPRESENTATIVE DEVLIN moved HB 116 DO PASS.

The motion was voted on and PASSED unanimously.

The meeting was adjourned at 9:10 a.m.



DAN YARDLEY, Chairman



Vicki Lofthouse, Secretary

WITNESS STATEMENT

NAME Stacy A. Flaherty BILL No. HB 125
ADDRESS Helena DATE 1/11/83
WHOM DO YOU REPRESENT Women's Lobbyist Fund
SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The Women's Lobbyist Fund supports
HB 125.

We feel that HB 125 is a fair and
equitable bill that removes the technical
inconveniences and inequities of the
current law for married couples
who want to file separately.

We urge your support of this bill.

Thank you.

STANDING COMMITTEE REPORT

January 11,

19 83

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 103

First reading copy (White)
Color

A BILL FOR AN ACT ENTITLED: "AN ACT TO MAKE THE COAL TAX
OVERSIGHT SUBCOMMITTEE A PERMANENT SUBCOMMITTEE OF THE
REVENUE OVERSIGHT COMMITTEE; APPROPRIATING FUNDS FOR THE
OPERATION OF THE SUBCOMMITTEE; AND PROVIDING AN EFFECTIVE
DATE."

Respectfully report as follows: That HOUSE Bill No. 103

DO PASS

STANDING COMMITTEE REPORT

January 11, 19 83

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 116

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A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY WHEN CERTAIN TAXES
ARE TO BE TRANSMITTED TO THE STATE TREASURER; AMENDING SECTION
15-24-925, MCA."

Respectfully report as follows: That HOUSE Bill No. 116

DO PASS

STANDING COMMITTEE REPORT

January 13,

83

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MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **HOUSE** Bill No. **125**

First Reading copy (White)
Color

A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE REQUIREMENT THAT A JOINT INCOME TAX RETURN MUST BE FILED BY A MARRIED INDIVIDUAL IF THAT INDIVIDUAL CLAIMS A DEDUCTION FOR CHILD AND DEPENDENT CARE EXPENSES; AMENDING SECTION 15-30-121, MCA; AND PROVIDING AN APPLICABILITY DATE."

Respectfully report as follows: That **HOUSE** Bill No. **125**

be amended as follows:

1. Title, line 7.

Following: "EXPENSES;"

Insert: "PROVIDING FOR ALLOCATION OF THE DEDUCTION BETWEEN SPOUSES;"

2. Page 2, line 9.

Following: "i;"

Strike: "and"

3. Page 2, line 13.

Following: "apply"

Insert: "when the taxpayers file separately on the same form; and

(c) the deduction for child and dependent care expenses shall be divided equally between the taxpayers"

AND AS AMENDED

DQ-PASS_