

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 12, 1985

The fifth meeting of the Senate Taxation Committee was called to order at 8:05 am by Chairman Thomas E. Towe in Room 415 of the Capitol Building.

ROLL CALL: All members of the committee were present.

Chairman Towe announced that fiscal notes are being prepared on all bills and should be available for the committee by Monday. He noted, however, that the fiscal impact of all bills awaiting executive action was minimal. He assured the committee that if any fiscal note indicated an unexpected impact the bill could be referred back to the committee from second reading.

MOTION: Senator Mazurek moved that SB 42 do pass. He then withdrew the motion for purposes of amendment to the bill.

Mr. Ken Morrison, Department of Revenue was recognized to discuss proposed amendments to the bill. The amendments dealt with the computation of the net operating loss, bringing Montana code into line with federal and state law.

MOTION: Senator Mazurek moved that SB 42 be amended as follows:

1. Page 1, lines 18 and 19.

Following: "(i)"

Strike: Subsection in its entirety.

Insert: "that portion of the federal income tax and motor vehicle fee allowed as a deduction under 15-30-121 or 15-30-131 which is attributable to income from a trade or business."

2. Page 2, line 1.

Following: ";

Strike: "and"

3. Page 2, line 3.

Following: "income"

Strike: "."

Insert: ";

4. Page 2.

Following: line 3.

Insert: "(iii) state income tax; and
(iv) any other nonbusiness deductions allowed under 15-30-121 in excess of nonbusiness income."

The motion passed unanimously.

MOTION: Senator Mazurek then moved that SB 42 do pass as amended. With only Senator Goodover voting no, the motion carried.

January 12, 1985

SB 47 was then brought before the committee. Senator Mazurek wanted it understood that losses would be treated in the same manner as gains in the law.

MOTION: Senator Mazurek moved that SB 47 be amended as follows:

1. Title, line 6.
Following: "INCOME"
Insert: "AND LOSSES"
2. Page 3, line 3.
Following: "income"
Insert: "and losses"

The motion carried unanimously.

MOTION: Senator Eck moved that SB 47 do pass as amended.
With only Senator Goodover voting no, the motion carried.

Senator Towe asked for further consideration of SB 49 and SB 51 saying that there would be a positive, but small fiscal impact from these bills.

MOTION: Senator Brown moved that SB 49 be amended as follows:

1. Page 1, lines 20 and 21.
Following: "benefits."
Strike: "The offset is a first and prior claim over any other claim."

The motion carried unanimously.

Discussion on SB 49 resumed. Senator Mazurek asked about the definition of delinquent. Mr. Morrison said the word "unpaid" could be used instead.

There was further discussion by Senators Mazurek and Towe regarding the nature of the appellate process and whether money could be offset before that process had been exhausted. Senator Brown said that persons should have due process before the Department of Revenue moved to offset any money due.

Senator Halligan said he preferred the word "delinquent" to "unpaid" and the committee agreed that the original language would be best.

Senator Mazurek said that the student parking fees and fines should come out of the bill.

Senator Hager questioned the discretionary power of the state auditor. Mr. Morrison said that it is a tax question and he felt the auditor should have decision making responsibility for tax questions.

January 12, 1985

MOTION: Senator McCallum moved that SB 49 do not pass. Senator Goodover seconded the motion. Question was called. With Senators Goodover, Hager, McCallum, Neuman and Severson voting yes; Senators Brown, Eck, Halligan, Hirsch, Lybeck, Mazurek and Towe voting no, the motion failed.

Senator Brown asked that the Department of Revenue look at amendments to overcome committee objections and asked that further consideration of SB 49 be delayed.

MOTION: Senator Brown then moved that SB 51 do pass. He said that it would affect 500 or fewer taxpayers who cost the state hundreds of dollars in trying to collect delinquent taxes. Senator Lybeck seconded the motion.

With Senators Brown, Eck, Halligan, Lybeck, Hirsch and Mazurek voting yes and Senators Goodover, Hager McCallum, Neuman, Severson and Towe voting no; the motion failed.

Senator Towe adjourned the meeting at 9 am.



Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date 12 January 85, 8:05

Location -- Room 413-415

| Name | Present | Absent | Excused |
|------------------|---------|--------|---------|
| Senator Brown | ✓ | | |
| Senator Eck | ✓ | | |
| Senator Goodover | ✓ | | |
| Senator Hager | ✓ | | |
| Senator Halligan | ✓ | | |
| Senator Hirsch | ✓ | | |
| Senator Lybeck | ✓ | | |
| Senator Mazurek | ✓ | | |
| Senator McCallum | ✓ | | |
| Senator Neuman | ✓ | | |
| Senator Severson | ✓ | | |
| Senator Towe | ✓ | | |

ROLL CALL VOTE

SENATE TAXATION COMMITTEE
48th Legislative Session -- 1985

Time 9:40 Date 12 Jan 85 Room 413-415

Motion: That SB 49 do not pass.

Senator McCallum.

1st vote.

| Name | Yes | No | Excused |
|------------------|-----|----|---------|
| Senator Brown | | ✓ | |
| Senator Eck | | ✓ | |
| Senator Goodover | ✓ | | |
| Senator Hager | ✓ | | |
| Senator Halligan | | ✓ | |
| Senator Hirsch | | ✓ | |
| Senator Lybeck | | ✓ | |
| Senator Mazurek | | ✓ | |
| Senator McCallum | ✓ | | |
| Senator Neuman | ✓ | | |
| Senator Severson | ✓ | | |
| Senator Towe | | ✓ | |

ROLL CALL VOTE

SENATE TAXATION COMMITTEE 48th Legislative Session -- 1985

Time 8:55 a.m. Date 12 January 85 Room 413-415

Motion: SB 51 do pass
Senator Brown
vote 2

| Name | Yes | No | Excused |
|------------------|-----|----|---------|
| Senator Brown | ✓ | | |
| Senator Eck | ✓ | | |
| Senator Goodover | | ✓ | |
| Senator Hager | | ✓ | |
| Senator Halligan | ✓ | | |
| Senator Hirsch | ✓ | | |
| Senator Lybeck | ✓ | | |
| Senator Mazurek | ✓ | | |
| Senator McCallum | | ✓ | |
| Senator Neuman | | ✓ | |
| Senator Severson | | ✓ | |
| Senator Towe | | ✓ | |

STANDING COMMITTEE REPORT

January 12, 1985

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 42

first reading copy (white)
color

INDIVIDUAL INCOME TAX NET OPERATING LOSS DEDUCTION

Respectfully report as follows: That Senate Bill No. 42

be amended as follows:

1. Page 1, lines 18 and 19.

Following: "(1)"

Strike: Subsection in its entirety.

Insert: "that portion of the federal income tax and motor vehicle fee allowed as a deduction under 15-30-121 or 15-30-131 which is attributable to income from a trade or business."

2. Page 2, line 1.

Following: ";

Strike: "and"

3. Page 2, line 3.

Following: "income"

Strike: "."

Insert: ";

4. Page 2.

Following: Line 3.

Insert: "(iii) state income tax; and
(iv) ^{any} ~~and~~ other ^{non} ~~for~~ business deductions allowed under 15-30-121 in excess of non-business income."

AND AS AMENDED

DO PASS

~~XXXXXX~~
DO NOT PASS

Senator Tom Towe,

Chairman.

STANDING COMMITTEE REPORT

January 12, 1985

MR. PRESIDENT

We, your committee on **Taxation**

having had under consideration **Senate Bill** No. **47**

first reading copy (**white**)
color

**CHANGE THE DEFINITION OF EARNED INCOME TO INCLUDE
SUBCHAPTER S CORP. INCOME**

Respectfully report as follows: That **Senate Bill** No. **47**

be amended as follows:

1. Title, line 6.
Following: "INCOME"
Insert: "AND LOSSES"

2. Page 3, line 3.
Following: "income"
Insert: "and losses"

AND AS AMENDED

DO PASS

~~DO NOT PASS~~

Senator Tom Tove, Chairman.