

MINUTES OF THE MEETING
TAXATION COMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

January 6, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on January 6, 1987, at 9 a.m. in Room 312 B of the State Capitol.

ROLL CALL: All members of the Committee were present. Also present was Dave Bohyer, Researcher, Legislative Council.

Tape 1:A:000

CONSIDERATION OF HOUSE BILL NO. 48: Rep. Dan Harrington, House District #68, sponsor of HB 48, advised committee members the bill was requested by the Department of Revenue (DOR), and would change from 7 to 5 the number of years in which the holder of unclaimed property must turn the property over to the State of Montana. Rep. Harrington stated these funds presently go to the Education Trust Fund. He said the 7 year period is too long, and that the proposed 5 year period is consistent with that of most other states.

PROPOSERS: Ken Morrison, Administrator, Income Tax Division, DOR, told the Committee he supports the bill, as old records appear to be inadequate and the Department has found that a shorter holding period eases the record-keeping burden, in addition to providing uniformity with other states.

OPPOSERS: There were no opponents to HB 48.

QUESTIONS ON HOUSE BILL NO. 48: Rep. Gilbert advised Rep. Harrington he was concerned about language on page 11, lines 5-6 of the bill, which allow the reports of life insurance corporations, banking and financial organizations, and corporations to file their reports before May 1 of each year as of December 31 next preceding.

Rep. Harrington replied he would be willing to discuss proposed changes to the bill during Executive Session.

CLOSING: In closing, Rep. Harrington restated his belief that the bill would be of benefit to the State of Montana, and that it had received the support of the Revenue Oversight Committee.

CONSIDERATION OF HOUSE BILL NO. 12: Representative Dennis Nathe, House District #19, told committee members the bill is a housekeeping measure, and said the portion of the bill

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that was deleted on page 4, lines 10-12, pertains to coal tax monies that flow into the permanent trust fund.

Rep. Nathe stated the bill merely adds (2) to 15-35-108, to cover the 12% allocation to the highway reconstruction trust fund, created by the 1983 Legislature. This bill provides consistency in that statute.

PROPOSERS: Larry Fasbender, Director, Department of Natural Resources and Conservation (DNRC), stated the bill pertains to Title 15, Chapter 35, which divides coal severance tax funds, allocating 50% to the permanent trust fund, and at present, 6% of the remaining balance to the highway reconstruction trust fund. He said that figure would increase to 12% in 1989, and that 2 sections of the Codes address water development programs and renewable resources development, but none presently address the highway reconstruction trust fund.

OPPOSERS: There were no opposers of HB 12.

CLOSING: Rep. Nathe closed without further comment.

GENERAL DISCUSSION: Chairman Ramirez advised members of the Committee there were more than 200 requests for tax bills, far more than have been requested during any other legislative session.

Dave Bohyer provided committee members with a list of tax bill requests, broken down by subject, and said it was possible that up to one-third of the requests overlapped other subjects. He told the Committee he expected approximately 500 more bill draft requests prior to the deadline and the Legislative Council has received more than 1,300 requests since November, 1986, adding that tax bills can be requested for a longer period of time than other bills.

Chairman Ramirez expressed his belief that some tax legislation to be considered will substantially impact state revenue, thus the need for Coal Tax, Income Tax, Property-Sales Tax, and Revenue Estimating Subcommittees. He stated his preference that three members from each political party serve on the Revenue Estimating Subcommittee. Six members of the Senate Taxation Committee will also sit on the Revenue Estimating Subcommittee.

Chairman Ramirez said the Income Tax Subcommittee will deal with windfall tax issues, the governor's tax reform proposal, and at least two surtax bills, and that the Coal Tax Subcommittee will have at least as many issues to work with.

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Chairman Ramirez advised committee members that Department of Revenue Director, John LaFaver, indicated he would be able to provide a breakdown of information on windfall by January 7, 1987, and that the Subcommittees could begin with those impacts. The Chairman said all bills would be heard by the Committee as a whole and then be referred to the Subcommittees to work out technicalities as necessary. Subcommittees will then report their findings to the Taxation Committee for committee reports to the House.

Chairman Ramirez told the Committee that the Joint Rules Committee voted to implement a standing statutory committee via the Joint Rules Committee bill.

Rep. Harp stated he thought the subcommittee proposal was an excellent one in that committee members would be able to develop expertise in individual areas resulting in a tremendous time-saving measure for the Committee as a whole.

Chairman Ramirez advised committee members that they would be provided with forms upon which to state their subcommittee preferences and that these need to be returned on January 7, 1987.

Chairman Ramirez asked if any committee members objected to a no smoking rule during hearings and executive session. The proposal was given unanimous approval by the Committee.

OFFICE OF BUDGET AND PROGRAM PLANNING: Terry Johnson, OBPP, told the Committee his primary involvement in committee matters would pertain to fiscal notes, revenue estimates and tax issues. He said his office prepared approximately 600 fiscal notes during the 1985 Legislative Session, of which approximately 300 - 400 had revenue impact.

Mr. Johnson asked that those committee members with questions on fiscal notes feel free to ask questions, and that if he does not have the answers he will get them, as he plans to attend all committee hearings.

DEPARTMENT OF REVENUE: Chairman Ramirez advised the Committee that DOR Director John LaFaver expressed his concern for an improved relationship between the Taxation Committee and his department. The Chairman said the DOR is still the best source of information for the Committee until the Legislature can develop its own data, adding he hoped to avoid problems encountered last session.

John LaFaver told committee members he recognized there were rough spots between the DOR and the Committee in 1985, and said the DOR will act as neither a proponent or an opponent to the vast majority of bills to be heard by the Committee.

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He added that he or his staff would make factual comments based upon questions from the Committee only, and will only speak as an opponent or proponent, when the DOR clearly opposes or supports a particular bill.

Chairman Ramirez stated he hoped to be able to discuss issues with DOR staff prior to those issues becoming a problem in the Committee, and said Subcommittee members could probably utilize DOR staff in their meetings.

HEARING PROCEDURE: Chairman Ramirez explained that each bill sponsor will open the hearing, proponents and then opponents will then speak, followed by questions from the Committee, and closing by the bill sponsor.

EXECUTIVE SESSION PROCEDURE: Chairman Ramirez explained that no questions will be allowed to other than committee members except on matters of a technical nature. Motions will be voted upon whether or not they are seconded. He will adhere strongly to addressing all questions through the Chair. No questions may be asked by those other than committee members. Absentee votes must be stated in writing on special forms provided to the Committee. He asked committee members to feel free to express their concerns at any time.

Rep. Raney asked if all questions were to be directed through the Chair, including when one wished to ask more than one question.

Chairman Ramirez responded that a Committee member should make it clear when he or she wishes to ask more than one question, adding that he would try to be flexible on this issue.

Chairman Ramirez stated that voice votes would be acceptable and that roll call votes would be used whenever voice votes were unclear or an issue required such a vote. He told the Committee he and the Vice Chairman Asay would always vote first and second, respectively and that all other votes would be made in alphabetical order.

AMENDMENTS PROCEDURE: Chairman Ramirez reminded committee members that Researcher, Dave Bohyer, would need adequate time to draft complicated amendments, and that committee members address this need whenever possible. He added that technical amendments made in committee may also need Dave's consideration prior to committee action.

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COFFEE FUND: Members and staff donated \$2.00 each to fund purchases for coffee, tea, cocoa, etc.

DISPOSITION OF HOUSE BILL NO. 12: Representative Williams made a motion that HB 12 DO PASS. There was no discussion and the motion CARRIED unanimously.

WINDFALL IMPACT, DOR: Chairman Ramirez asked committee members if they would prefer to hear from John LaFaver on the issue of federal tax reform on January 8, 1987, at 9 a.m. All members of the Committee responded affirmatively to both subject matter and scheduling.

ADJOURNMENT: There being no further business to come before this committee, the hearing was adjourned at 10:37 a.m.


Jack Ramirez, Chairman

min0106/jtb

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date _____

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	✓		
REP. ASAY	✓		
REP. GILBERT	✓		
REP. HANSON	✓		
REP. HARP	✓		
REP. HARRINGTON	✓		
REP. HOFFMAN	✓		
REP. KEENAN	✓		
REP. KOEHNKE	✓		
REP. PATTERSON	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. SANDS	✓		
REP. SCHYE	✓		
REP. WILLIAMS	✓		
REP. ELLISON	✓		

STANDING COMMITTEE REPORT

JANUARY 5

19 96

Mr. Speaker: We, the committee on HOUSE TAXATION

report HOUSE BILL 12

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

Representative Jack Ramirez Chairman

FIRST reading copy (WHITE)
color

