

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 9, 1987

The sixty-first meeting of the Senate Taxation Committee was called to order at 8:00 A.M. on April 9, 1987 by Chairman George McCallum in Room 413/415 of the Capitol Building.

ROLL CALL: All committee members were present.

FURTHER CONSIDERATION OF SB 307: Senator McCallum said we have been talking about putting together a package and we have put one together that will satisfy everybody and will do the job that is needed for the state of Montana.

Senator Crippen presented the package to the committee. What we tried to do is to put a package together that would embody what we have done to date on SB 307, with some changes, and what we have done, to date, on the grey bill, HB 377, sales tax. The package is an attempt not to exclude all the work we have done in the past. What we have proposed in SB 307 is a general tax reform package. He furnished the committee with an outline of what is proposed, attached as Exhibit 1, and reviewed the information. The corporate income tax would leave the carry forward and carry back provisions, with \$100,000 carry back for corporations. This would only affect about 5% of the corporations. There would be no deduction for federal income taxes paid. The exclusions and standard deduction would follow the federal income tax. There is a provision for a local option tax similar to what was in SB 333. This is not an automatic tax, there would be a public hearing and the people would vote on it for a specific purpose. We will have to make some type of adjustments to HB 84, that was passed yesterday. This would go for a vote of the people in June and if passed the sales tax would go into effect January 1, 1988. The surtax would come into effect immediately and would be on the 1987 taxable year. The revenues from the surtax, plus additional funds from the educational trust fund, would be used, and the amounts would vary, to pay for the first year deficit of half of \$96 million or \$50 million. The second year of the biennium you would have six months of sales tax proceeds that, combined with the continuance of the surtax, could continue to fund the government and handle the educational requirements for 0-0. It would be our hope that the surtax could

be eliminated when the proceeds from the sales tax are established. This is being presented without the fiscal information. It was felt this is the committee that should be discussing this proposal and hopefully we can come out of committee with a recommendation to the Senate. By using SB 307, it will require a two-thirds vote on the part of the House. It was felt that SB 307 was the only mechanism to us for the simple reason it provides the only mechanism we have before us to put together a package. This proposal would present a package to the people that they could look at and vote on. This is a start toward getting something done.

Senator McCallum said we will hold the discussion among committee members.

Senator Eck said she would feel uncomfortable being asked to accept this whole thing in concept, but she would not feel uncomfortable with the suggestion that the staff work on this. There are some major problems in getting a two-thirds vote of the House in order to have this accepted back, whereas if we amended it into HB 904 and HB 377, we wouldn't have to do that. Right away there will be a red flag. If we are going to present this to the public for their approval, it would appear to her that it would be much more appropriate to look at the income tax reform package, plus the sales tax. If you send it to the public with a large surcharge tacked on to everything else, it will not be very well received. She asked what percent did they estimate the surcharge would be.

Senator Crippen said we originally estimated it would be somewhere between 30% and 40%. That will be determined by how we handle some of the provisions in the proposal. He thinks the people of the state of Montana will have to understand the facts of life. We have got a budget that is out of balance, to the tune of \$200 million, and that will not go away no matter what you do without cutting. We are not about to cut that deep enough to make an effect on this.

Senator Eck said we could take a surcharge of 10-15% on existing law and balance the budget. With tax reform we need a 40% surtax.

Senator Mazurek asked what are the income tax changes in this bill.

Senator Crippen said basically what we have done is to put 3-5-7 in to take back the windfall.

Senator Mazurek said that is \$70 million plus. What about the capital gains.

Jim Fewer said we do not know what the effect of that would be to grandfather in old installment sales. It doesn't give future installment sales any preferential treatment at all.

Senator Eck said her feeling is that we could develop a good progressive sales tax and we are doing that. On the other hand we are putting on the ballot a package that would give a 5% sales tax and also a 40% surcharge. Somehow she can't see anyone really thinking that is wonderful. We will be back in June.

Senator Hirsch said the people will have to understand the situation as well as we do and face the realities of the situation.

Senator Eck said what is really happening is we are not giving the people the opportunity to say this is a good income tax reform package and this is a good sales tax package and look at the amount of property tax relief that they would be getting. It possibly could be sold on that basis. We are presenting it to them in a way that it is almost assured they will turn it down. Both packages are good packages.

Senator Brown said what the proposal would do would be to impose a temporary surcharge with the 3-5-7 rates until the sales tax kicks in. This would allow the lower income tax rates.

Senator Lybeck is disappointed that there was no accompanying fiscal note. Something that the committee could refer to and maybe get a better hold on what we are doing.

Senator Mazurek would commend the package as something healthy. The real detriment in this proposal is sending the whole thing to the ballot. The reason he has a major problem with that is because of what it does to the budget. We have an obligation to balance the budget to get finished with this session. If you want to put the sales tax on a referendum with property tax relief and let them vote it up or down, that is fine. If they vote this package down, do we come back in June and cut \$200 million out of the budget.

Senator Crippen said he is concerned to. We have been told in this committee that if we put out a sales tax without a vote of the people, it will be put on the ballot. We have also been told that in HB 904. This proposal is similar to what the Governor came out with. It is

hitting the middle, upper middle and higher income people. Under the Governor's proposal the first 40% of the people are exempt. At least in a couple of years the 3-5-7 will be in place and we will be able to drop off the surtax.

Senator Mazurek said what this overlooks is this committee has not had the opportunity, in executive session, to address HB 904. There may be some changes that can be made to that bill which would reduce some of the objections which you have and may well reduce some of the objections MONTREC people have. We could work with HB 904 to balance the budget and not run the risk of coming back here in special session and deal with this before the beginning of the fiscal year.

Senator Crippen said the two-thirds vote is a problem but maybe the House will take advantage of the procedural aspects of it.

Senator Eck said she would like to think of some way to insure that we won't be back. We could send HB 904 and HB 377 to the House as a package with coordination instructions.

Senator Crippen said coordinating instructions do not mean anything until both houses vote on it. We have eliminated the objections from your side of the aisle on the treatment of capital gains and the deduction for federal income taxes paid. This is certainly a better pill for our side of the aisle to swallow. We do not view this as a loophole. The people at the upper end are the people that spend their money in the economy and provide jobs. We have kept the standard deduction on the federal level and the exemption. Who will that benefit. The lower end of the spectrum. Who will pay the surtax. Under the 3-5-7 there will not be the 40% not paying, it may be lower than that. That is a price we have to pay. We are looking to the future with the 3-5-7 as something that we feel will be equitable. The windfall will be used in a different manner.

Senator Eck said she thinks it is appropriate that you go ahead with this proposal and get us some data. She would propose that we get back to finishing the work on HB 377.

Senator Neuman said we need to take what we have in front of us. We are close to balancing the budget and could end the session with a balanced budget and could

place a sales tax proposal on the ballot.

Senator Lybeck asked what is the plan in regard to HB 904, are we going to get into that and if so when.

Senator McCallum said that is our proposal, incorporated into HB 377.

Senator Crippen said concern has been expressed as to what will happen in the House. Maybe they won't accept it. At least with this we have presented something to them.

Senator Brown said if this doesn't work and the House won't accept this, we still have HB 904 and HB 377 and we can still use them.

Senator Neuman said we could have a two bill package without the required two-thirds vote.

The meeting recessed at 9:15 A.M. and reconvened at 9:55 A.M.

Senator Brown would move that a grey bill be drafted that encompassed the proposal outlined by Senator Crippen and that the Taxation committee will meet again to act on the bill.

Senator Neuman referred to the information furnished by Mr. Vasquez, the expert on the Federal Tax Reform Act, and that he had indicated you have to be careful that you do not lower the rates too low based on the windfall as you perceive in the first couple of years because over time people will tend to adjust to the new program. Over time income from the windfall will decline. We might be better off to leave the rates up then if we don't need it to take the rates down.

Senator Eck made a substitute motion that we continue our work on HB 377 and HB 904, towards the possibility that those could leave committee on Friday as a package, but that we would also do as Senator Brown suggested to start putting together data that would expand SB 307.

Senator Mazurek is curious whether there is any indication from the House republicans and democrats as to whether there is any interest in this proposal.

Senator Crippen said he has talked to some of them but he has no definite indication that they will support this. Some like the idea, some are concerned about the

vote. The information from the republicans is that they are not really tied to the no vote aspect as they were before.

Senator Mazurek would support Senator Eck's motion. He thinks they deserve the opportunity to evaluate the fiscal ramification of this proposal. You can propose the changes that you want in your package into HB 904 and HB 377 and they could meet the deadline for transmittal.

Senator Crippen said if we adopt Senator Brown's motion we will have something before us this afternoon and this evening we can address some of the concerns. We have had the discussion of the package and why the package is important.

Senator Hirsch said he would like to know if Senator Van Valkenburg could shed some light on the possibility of the House accepting this proposal.

Senator Van Valkenburg said if we adopt the proposal that Senator Crippen is talking about, we are assuring ourselves of a special session and maybe a very lengthy session. During the break he got together with some key people involved in this decision making process and he does not believe there is any realistic possibility the House will accept SB 307, no matter what is put in it. They will not suspend the rules to take that bill. They are fearful of what will come out of that. They want to get HB 904 and HB 377 back.

Senator Crippen said you have come up with a conclusion that may or may not be correct. We have not had an opportunity to explain to the House exactly what we have done in our proposal and the ramification of it. Nobody wants a special session and this bill, in itself, does not necessarily say we will have a special session.

Senator Hirsch asked Senator Brown if it was included in his motion that we continue to work on HB 377 if his motion passes.

Senator Brown said here is what he envisions. He would like to get the staff working on SB 307, the grey bill, so that we can discuss it this afternoon and take some action. That does not foreclose any further work on any other legislation here before us. He wants to know if SB 307 will be acceptable as soon as possible.

Senator Hager is against Senator Eck's motion. There are four aspects of SB 307, a balanced budget, sales tax, property tax relief, and income tax reform. He thinks we should continue with SB 307 and make that our first priority.

Senator Eck said from what you have said it sounds as though you are wanting us to come back and vote on SB 307 and send it over immediately without finishing our work on HB 377 or to do any work on HB 904.

Senator Brown said this is what we are for and he would like the Senate to have the opportunity to vote on this as soon as possible to see if the House will accept it.

Senator Eck said if they do accept it it really means we are going to finish our work on HB 377. We will have to accept whatever the House will do on that.

Senator Crippen said we have worked on them. We have done a lot of work on SB 307 and HB 904 is essentially SB 307 with some changes. If they accept them, we will work on them in conference committee.

Senator Neuman said we said earlier on in the session that we would continue to work on SB 307 and try to work on a package and we have not had a meeting since our last subcommittee meeting before transmittal. We have not considered HB 377 in its entirety and we will be sending that over. What good would it do to consider working on it.

Senator Crippen said it doesn't do any good to go over all of this stuff. We are trying to give them a package. That does not mean we are throwing up our hands and saying that is the end of it all.

Senator Eck thinks it is irresponsible to send a bill over to the House that we have not had a chance to go through.

Senator Mazurek said we have to work on HB 904 and HB 377 to get them into this package.

Senator Crippen said it is our intent to have a grey bill prepared with this concept and to continue to discuss this. We do intend to get something out today.

Senator Brown said we have to recognize that time is of the essence.

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Senator Mazurek said it seems to him rather ironic, when time is of the essence, to focus our attention on the one bill that requires a two-thirds vote to get back.

Senator Severson said it is unfortunate we didn't do this 30 days ago or two months ago.

A roll call vote was taken on Senator Eck's substitute motion and the motion failed 5-7.

Senator Brown restated his motion that a grey bill be drafted that encompassed the proposal outlined by Senator Crippen. He would suggest that the committee meet at 2 P.M. to discuss the grey bill and hopefully pass it out of committee.

Senator Mazurek asked if that included the referendum on this package.

Senator Crippen said our intent is to use the referendum.

Senator Mazurek said you are asking us to adopt this lock, stock and barrel. He again asked Senator Brown if this included in the grey bill that the entire matter would go to the ballot.

Senator Brown said his motion would leave the referendum issue out of the grey bill but to have the grey bill for our consideration by 2 P.M.

Senator Mazurek asked if the staff could do that by 2 P.M.

Jim Lear said no, by 6:00 P.M.

Senator Mazurek asked if it was the intention of the committee, if the motion passes to get this by 6 P.M., that we will continue to work on HB 904 and HB 377 while we are waiting for these changes.

Senator McCallum said yes, until 11:00 A.M.

Senator Halligan said what happens if the House indicates they will not accept this bill this afternoon, do we continue on.

Senator McCallum said we are an independent part of the legislature and he would hope we would take responsible action.

Senator Mazurek said he does not think the referendum is a good idea and we should save the staff some time by not putting that in the grey bill.

Senator Crippen would go along with that. His intent though, when the bill is discussed further, is that he would be able to go back and discuss the referendum aspect and he would propose to put it on the ballot at the time suggested.

A roll call vote was taken on Senator Brown's motion and the motion passed 7-5, see attached.

FURTHER CONSIDERATION OF HB 377: Senator Hager made a motion to adopt an amendment to page 50, line 23, after "brands" to insert "as applicable". The motion carried with Senator Crippen absent.

Senator Eck made a motion to adopt sections 68-72 relating to the livestock sections. The motion carried with Senator Hirsch, Halligan, Crippen and Hager absent.

Senator Brown said these motions are being made with the understanding they will be reflective in the grey bill for SB 307.

Senator Eck said the next section deals with a \$15 credit. We discussed the other day the benefits of having a rebate rather than a credit. In the proposal that we have before us we have a renters credit as well as a low income credit. She made a motion on page 52, section 73, line 18, to strike "credit" and insert "rebate" and strike "\$15" and insert "\$50".

Senator Brown said that will have a significant fiscal impact.

Senator Eck said it would be about \$40 million. That is a big impact but it is acceptable considering that households pay better than two-thirds, 75%, of the sales tax and for that reason should get at least two-thirds of the benefits.

Senator Brown said we have taken care of those people and those kinds of problems in other ways in this bill and he would prefer not to expend another \$40 million in this particular area.

Senator Hirsch opposes the motion. You would have to have spent \$1,250 a year on each exemption to actually justify a \$50 rebate.

Senator Eck withdrew her motion. She made a suggestion that we skip that section and then go on to classification.

Senator Mazurek said class 3 property was changed to 25%.

Senator Crippen said the reason we have reduced that is because of I-105. To satisfy I-105 we felt we had to address that area.

Senator Neuman said do you think I-105 said you had to reduce property tax in every class. If we exempt livestock and give property tax relief, he would think that would satisfy I-105.

Senator Eck would move that on line 5, page 77, that 30% be changed to 29%. She believes this will take care of the problem with I-105.

Senator Severson has no problem with 30%, 25% or 29%.

Greg Petesch said I-105 requires you to reduce the rate in every listed class. It does not contain a percentage or dollar amount of reduction. This is a listed class.

Senator Eck withdrew her motion for consideration at the continuation of this hearing later on in the day.

The meeting recessed at 11:05 A.M.

The meeting reconvened at 2:20 P.M. All committee members were present.

Senator Severson made a motion to drop the percent on class 3, agriculture land, to 25%.

Senator Mazurek made a substitute motion to go to 29% on class 3 property. We spent a lot of time last session to get this class of property where it should be.

A roll call vote was taken on the substitute motion and the motion failed 6-6, see attached.

Senator Halligan thinks they should stay at 30%.

Senator Crippen said in going from 30% to 25% that is a loss of \$1.2 million per percent.

The question was called for on Senator Severson's original motion and the motion failed.

Senator Brown made a motion to reduce class 3 property from 30% to 29%. The motion carried with Senators Lybeck, Halligan and Neuman opposed.

Senator Crippen made a motion to reduce the figure that is in the grey bill of 3% to 2.75%. His motion is in

relation to section 99, class four property. That is the same proposal that was made this morning. He furnished the committee with a description of his proposed changes in property tax classifications, attached as Exhibit 2.

Senator Crippen's motion carried.

Senator Eck would like the researcher to get an opinion on the way we are reducing all of these percentages if this will be in compliance with I-105.

Senator McCallum has discussed this with the sponsor of I-105 and under his opinion agriculture land is the only thing that had to be reduced. The other classes were never mentioned in I-105.

Senator Eck made a motion on page 85, line 16, to strike 3% and insert 2.95% for class five property.

Senator Halligan said I-105 didn't say we had to provide property tax relief in every class.

Senator Eck's motion failed 6-6, see attached roll call vote sheet.

Senator Mazurek made a motion to adopt class 5 property as is listed in the grey bill on page 85. The motion carried.

Senator Crippen made a motion that we adopt what is listed in the grey bill as class 6 property at 5%. The motion carried.

Senator Crippen said his proposal would change timber lands to 2.75%, mobile homes to 2.75% and farmsteads are still under the provisions providing 80% of what class 4 property is. Also he would propose \$16,500 as an exclusion for a farm residence.

Senator Mazurek said it sounds like what we are doing is giving a double reduction on farmsteads. We gave them 80% of value last session and now we will treat them exactly as residences for the deduction and exemption. They would be getting a reduction compounded on a reduction. He does not think that is appropriate.

Senator McCallum said the \$16,500 was given to all residences and the farmsteads, last session, were given the 80% of market value. The Department of Revenue said they would no longer do that and they would need statutes for them to continue.

Senator Crippen said this is a process of give and take. A lot feel if we do anything it should be just property tax relief and no money into the general fund. We are going further than that to provide 25% into the general fund. Giving them the \$16,500 does not bother him at all. We are doing that in the city, why not do it in the country. We are being consistent.

Senator Brown said we need to meet on adjournment to see whether the grey bill is finished, to take final action on HB 377 and to possibly work on HB 904.

The meeting recessed at 3:05 P.M.

The meeting reconvened at 6:00 P.M. All committee members were present.

Senator Eck said we need an amendment on page 89, line 8, for the taxable years 1986-90, the tax is at 12% or whatever rate the federal regulations require.

Senator Halligan said won't that be taken care of automatically.

Jim Lear said for 1988, 1989 and 1990 it is set at 12% but he is not sure whether or not that means no anticipated formula derived rate that would be lower than 12% during those years because of the present statutory rate under the 4-R's Act.

Senator Eck would move that we adopt the language that Dave Bohyer feels is appropriate. The motion carried, Senator Crippen was absent at the time of the vote.

Senator Hirsch asked if the committee wanted to change the figure of \$20,000 on page 92, line 15, to \$16,500. Senator Hirsch would make that motion. The motion carried.

Senator Crippen asked if that included the \$16,500 exclusion for farm residences.

Jim Lear said he did not believe that would be part of that motion.

Senator Crippen said when the meeting recessed that issue was before us.

Senator Hirsch said since they get an 80% deduction now, he would not want to push the issue. Agriculture is fairing well under this and he does not want to push it too far.

Senator Severson said if it is either or, then \$16,500 is the way to go.

Senator Crippen said the fiscal impact on the farmsteads would be \$3.6 million if we eliminated that. The \$16,500 exclusion is \$4.7 million.

Senator Severson said another thing you need to think about, during the last reappraisal, about \$8-10,000 went on an acre of land that didn't use to be there.

John LaFaver said the 80% applies to more than the home. It applies to all buildings and out buildings.

Senator Lybeck referred to section (b) on page 90, with regard to religious organizations. There is some question that some groups are just using that designation to escape taxes. Is this language specific enough to address violations.

John LaFaver said they are taxed on use. The house of worship and parking area are exempt from taxes. But simply because they are owned by a religious group does not make them tax exempt.

Senator Hirsch would move that we reduce class 18 property from 30% to 29%. The motion carried with Senators Halligan and Lybeck opposed.

Senator Crippen would move section 104 be adopted. The motion carried with Senator Severson opposed.

Senator Halligan said it doesn't appear the rest of the bill is anything more than procedural.

Senator Severson made a motion to strike the word "except" on page 94, line 20. The motion carried with Senator Halligan opposed.

Senator Crippen said the balance of this bill deals with bonding limits and the like.

Senator Halligan would move to reinsert the new sections on page 152, section 122-128, with the date of November 3, 1987 on page 153, line 8.

Senator Brown made a substitute motion to divide this motion. The first motion to reinsert the stricken language in sections 122-128 was considered. The motion carried with Senators Severson, Hirsch and Hager opposed.

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Senator Crippen would make a substitute motion for the second half of the motion to keep the language the same with the June 9, 1987 election.

Senator Mazurek said that is six weeks.

Senator Crippen's motion carried 7-5, see attached roll call vote.

Senator Crippen said there was some confusion that we are talking about a 5% sales tax rather than a 4% sales tax. These figures do what we want them to do and without the 5% they will not work.

Senator Mazurek said the 5% has always been the understanding with respect to your package but not the grey bill on HB 377.

Senator Crippen would make the motion that this bill be amended to provide a 5% sales tax.

Senator Mazurek thinks we should keep it at 4%. Everything that you have added to this will make it more difficult for people to accept.

Senator Eck said she prefers a 4% sales tax but with everything we have already approved, then we probably have to have a 5% tax.

Senator Crippen said it was always his intent to look at this bill on the basis of the 75-25 premise of providing property tax relief and some for the general fund.

Senator Crippen's motion carried 7-5, see attached roll call vote.

Senator Crippen said it would be his desire that we include in HB 377 provisions for a local option sales tax similar to the one presently in SB 333. He would make that motion.

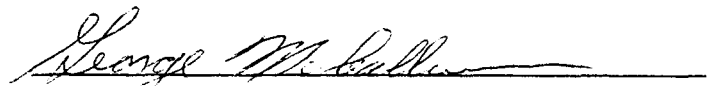
Senator Neuman asked how this will work with the hotel/motel tax.

Senator Halligan said you will be adopting the local option from SB 333 and not from Representative Sand's bill.

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Senator Crippen's motion failed 6-6, see attached roll
call vote.

ADJOURNMENT: The meeting adjourned at 6:57 P.M.


SENATOR GEORGE McCALLUM, Chairman

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ROLL CALL

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 7-9-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR CRIPPEN	✓		
SENATOR NEUMAN	✓		
SENATOR SEVERSON	✓		
SENATOR LYBECK	✓		
SENATOR HAGER	✓		
SENATOR MAZUREK	✓		
SENATOR ECK	✓		
SENATOR BROWN	✓		
SENATOR HIRSCH	✓		
SENATOR BISHOP	✓		
SENATOR HALLIGAN, VICE CHAIRMAN	✓		
SENATOR McCALLUM, CHAIRMAN	✓		

Each day attach to minutes.

S.B. 307 GENERAL TAX REFORM

Beginning with S.B. 307 Gray bill, but stripping away the following sections:

	SECTION #
Unitary Tax	47-56
Oil Severance Taxes	59
Coal Severance Taxes	60-62
Capital Companies	83
STAB	93

Thus the only subjects remaining in the bill are corporate income tax, individual income tax, progressive tax penalties, and "nuisance" taxes.

In those remaining subjects, the following amendments are proposed:

Corporate income tax:

Adjust the rate back to 6.75% and delete the alternative minimum tax (Section 45)

Progressive tax penalties:

Amend all sections so the maximum penalty rate is 15%

Individual income tax:

Delete the Low-income property tax adjustment and residential credit (Sections 1-8). (Low-income addressed on Senate floor 3-8-87)

Delete the Alternative Minimum Tax (Section 16).

Adjust the rates in Section 14 to 3-5-7% (to eliminate the windfall.)

Add a new section which imposes a surtax to raise the needed revenue.

Reinstate capital gains treatment for sales before 12-31-86 by providing a 40% exclusion.

H.B. 377 SALES TAX BILL

Beginning with the gray bill as amended thus far by the committee make the following amendments:

- 1) Add the credit for low-income \$0-30
- 2) Add the renter's credit 15% of rent with a max. of \$200
- 3) Raise the rate to 5 percent
- 4) Exempt real estate and securities commissions
- 5) Allow a specific purpose 1% local option tax
- 6) Then make the following adjustments to the property tax relief sections of the bill:
 - a) Reduce Class 3 to 25%
 - b) Reduce Class 4,12,13 to 2.75%
 - c) Change the residential exclusion to \$16,500
 - d) Give Farm Residences the \$16,500 exclusion

SENATE TAXATION

EXHIBIT NO. 1

DATE 04-09-87

BILL NO. S.B. 307

PROPERTY TAX RELIEF *(Yearly Basis)*

H.B. 377 AMENDMENT

ESTIMATED FISCAL EFFECT

CLASS 3 AG. LANDS	30%	25%	6,674,440
CLASS 4 REAL PROPERTY	3%	2.75%	13,553,523
CLASS 12 MOBILE HOMES	3%	2.75%	242,553
CLASS 13 TIMBER LANDS	3%	7.50%	109,999
CLASS 14 FARMSTEADS	2.40%	2.20%	3,651,314
\$16,500 EXCLUSION FOR FARM RESID.			4,718,531

SALES TAX

GRAY BILL	
REVENUE PER PERCENT	51.7
LESS ADVERTISING	-0.1
UTILITIES	-7.3
COMMISSIONS	-1.1
SUBTOTAL	43.2
REVENUE FROM 5%	216

LESS CREDITS	
RENTER'S CREDIT	10
LOW-INCOME AMENDMENT	12.5
ADMINISTRATIVE EXPENSES	3.5
NET AVAILABLE	190

PROPERTY TAX RELIEF	161.6	EST. MAY BE \$5-10 HIGH
BALANCE AVAILABLE FOR G.F.	28.4	

SENATE TAXATION

EXHIBIT NO. 1

DATE 4-9-87

BILL NO. S.B. 307

Appendix 2

DESCRIPTION OF SENATOR CRIPPEN'S PROPOSED CHANGES
IN PROPERTY TAX CLASSIFICATION

<u>CURRENT CLASS</u>	<u>DESCRIPTION</u>	<u>PROPOSED CHANGES</u>
1	Net Proceeds	No change
2	Gross Proceeds	No change
3	Agricultural Land	Reduce rate from 30% to 25%; 17% relief
4	Real Prop. & Imps.	Reduce rate from 3.86% to 2.5%; 35% relief; \$20,000 exemp- tion on residence
5	Coops, New Industry	No change
6	L/S, Ag Prod., Rent.	Exempt all livestock, agricultural products, and rental equip. of less than \$5,000 value; combine existing property in classes 7,8,9,10, and 16 into new class 6; reduce rate downward from 16%, 13%, 11%, and 8%, to 5%; about 57% relief
7 } 8 } 9 } 10 }	Personal Property	Combined into new class 6; 5% rate
11	Utilities	No change
12	Mobile Homes	Combined with Class 4; same reductions and exemptions
13	Timberland	No change
14	Farmsteads	Same reductions and exemptions as class 4
15	Railroads	No direct change, formula driven
16	Personal Property	Combined into new class 6; 5% rate
17	Airlines	No change
18	Mining claims	No change
19	Restricted land	No change

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SENATE TAXATION

EXHIBIT NO. 2

DATE 4-9-87

BILL NO. S.B. 377

Crippen

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date April 9, 1987 Bill No. SB 307 Time 10:20 A.M.

<u>NAME</u>	<u>YES</u>	<u>NO</u>
SENATOR CRIPPEN		✓
SENATOR NEUMAN	✓	
SENATOR SEVERSON		✓
SENATOR LYBECK	✓	
SENATOR HAGER		✓
SENATOR MAZUREK	✓	
SENATOR ECK	✓	
SENATOR BROWN		✓
SENATOR HIRSCH		✓
SENATOR BISHOP		✓
SENATOR HALLIGAN, VICE CHAIRMAN	✓	
SENATOR McCALLUM, CHAIRMAN		✓

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Eck's substitute motion that the committee
continue to work on HB 377 and HB 904 to send them as a
package to the House and continue to work on expanding SB 307.

Motion failed 5-7.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date April 9, 1987 Bill No. SB 307 Time 10:27 A.M.

NAME	YES	NO
SENATOR CRIPPEN	✓	
SENATOR NEUMAN		✓
SENATOR SEVERSON	✓	
SENATOR LYBECK		✓
SENATOR HAGER	✓	
SENATOR MAZUREK		✓
SENATOR ECK		✓
SENATOR BROWN	✓	
SENATOR HIRSCH	✓	
SENATOR BISHOP	✓	
SENATOR HALLIGAN, VICE CHAIRMAN		✓
SENATOR McCALLUM, CHAIRMAN	✓	

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Brown's motion to prepare a grey bill encompassing the proposal outlined by Senator Crippen, to exclude the referendum issue. The motion carried 7-5.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date April 9, 1987 Bill No. HB 377 Time 2:23 P.M.

NAME	YES	NO
SENATOR CRIPPEN	✓	
SENATOR NEUMAN		✓
SENATOR SEVERSON	✓	
SENATOR LYBECK		✓
SENATOR HAGER	✓	
SENATOR MAZUREK		✓
SENATOR ECK		✓
SENATOR BROWN	✓	
SENATOR HIRSCH		✓
SENATOR BISHOP	✓	
SENATOR HALLIGAN, VICE CHAIRMAN		✓
SENATOR McCALLUM, CHAIRMAN	✓	

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Mazurek's substitute motion to go to 29% on
class 3 property. The motion failed 6-6.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date April 9, 1987 Bill No. HB 377 Time 2:47 P.M.

NAME	YES	NO
SENATOR CRIPPEN	✓	
SENATOR NEUMAN		✓
SENATOR SEVERSON		✓
SENATOR LYBECK		✓
SENATOR HAGER	✓	
SENATOR MAZUREK	✓	
SENATOR ECK	✓	
SENATOR BROWN	✓	
SENATOR HIRSCH		✓
SENATOR BISHOP	✓	
SENATOR HALLIGAN, VICE CHAIRMAN		✓
SENATOR McCALLUM, CHAIRMAN		✓

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Eck's motion on page 85, line 16, to strike
3% and insert 2.95% for class five property. The motion
failed 6-6.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date April 9, 1987 Bill No. HB 377 Time 6:40 P.M.

NAME	YES	NO
SENATOR CRIPPEN	✓	
SENATOR NEUMAN		✓
SENATOR SEVERSON	✓	
SENATOR LYBECK		✓
SENATOR HAGER	✓	
SENATOR MAZUREK		✓
SENATOR ECK		✓
SENATOR BROWN	✓	
SENATOR HIRSCH	✓	
SENATOR BISHOP	✓	
SENATOR HALLIGAN, VICE CHAIRMAN		✓
SENATOR McCALLUM, CHAIRMAN	✓	

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Crippen's motion to have the election date
June 9, 1987. The motion carried 7-5.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date April 9, 1987 Bill No. HB 377 Time 6:53 P.M.

NAME	YES	NO
SENATOR CRIPPEN	✓	
SENATOR NEUMAN		✓
SENATOR SEVERSON	✓	
SENATOR LYBECK		✓
SENATOR HAGER	✓	
SENATOR MAZUREK		✓
SENATOR ECK		✓
SENATOR BROWN	✓	
SENATOR HIRSCH	✓	
SENATOR BISHOP	✓	
SENATOR HALLIGAN, VICE CHAIRMAN		✓
SENATOR McCALLUM, CHAIRMAN	✓	

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Crippen's motion to change this to a 5%
sales tax. The motion carried 7-5.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date April 9, 1987 Bill No. HB 377 Time 6:56 P.M.

NAME	YES	NO
SENATOR CRIPPEN	✓	
SENATOR NEUMAN		✓
SENATOR SEVERSON		✓
SENATOR LYBECK		✓
SENATOR HAGER	✓	
SENATOR MAZUREK	✓	
SENATOR ECK	✓	
SENATOR BROWN	✓	
SENATOR HIRSCH		✓
SENATOR BISHOP	✓	
SENATOR HALLIGAN, VICE CHAIRMAN		✓
SENATOR McCALLUM, CHAIRMAN		✓

Aggie Hamilton
Secretary

Senator George McCallum
Chairman

Motion: Senator Crippen's motion for a local option sales
tax similar to SB 333. The motion failed 6-6.