

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on March 20, 1989, at
10:00 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: None.

EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 747 HEARD ON MARCH 6:

DISCUSSION: Chairman Harrington stated there were amendments that had not been incorporated into the bill but were the product of the subcommittee. He then turned the time over to Rep. Bob Ream, Chairman of the Subcommittee on HB 747. Rep. Ream stated Rep. Dennis Rehberg and Rep. Jim Elliott were also members of the subcommittee and they had put in many hours of work on the amendments to the bill. He submitted a report from the committee that listed the amendments and the subcommittee recommendations. (Exhibit 1). Rep. Ream also thanked Dave Bohyer for his assistance to the subcommittee in drafting the amendments and the subcommittee report. Three additional documents were submitted to the committee, one on Sales Tax Revenue and Distribution, a National Tax Survey, and a letter of opposition from the Montana Tavern Association. (Exhibits 2, 3, and 4).

Rep. Ream said the first group of amendments are technical and administrative in nature. He asked the committee to read through the amendments and ask questions. Rep. O'Keefe asked for an explanation of amendment number 7. Rep. Ream referred the question to Rep. Dorothy Bradley, sponsor of HB 747, who replied the counties need only one classification of property taxes under HB 747. She said the counties will have a dollar for dollar reimbursement for the loss of property taxes under the bill. Rep. Driscoll asked about the inflation factor. Rep. Bradley replied the property tax system will be fixed only once and that will be the county rebate. Rep. Cohen asked although a county's taxable value might change considerably, would their rebate stay the same. Rep. Rehberg said that would not be the case since nothing was a fixed dollar amount.

Rep. Ream made the motion TO ACCEPT amendments 1 through 12. The motion CARRIED by a 16 to 1 voice vote with Rep. Bob Raney voting no and Rep. Ben Cohen not voting because he did not understand the amendments.

Rep. Ream moved the second set of amendments. He stated the subcommittee agreed that if the sales tax is implemented in Montana, it should be a broad based tax with few exemptions. Rep. Raney stated it was difficult to read and listen at the same time and requested Rep. Ream to go over each amendment with the committee. Rep. Bradley stated if the committee wished to go back to the first set of amendments, she would have no objection. The chairman concurred and the committee returned to consideration of amendments 1 through 12.

Rep. Ream stated the first amendment was clarifying language. He referred to Dave Bohyer for an explanation. Mr. Bohyer said under the bill, wages, salaries and commissions are part of the employee/employer relationship and are not taxable. Rep. Driscoll asked if he went to a mechanic who charged \$100.00 for parts and \$100.00 for labor, on what would he pay the sales tax. Mr. Bohyer replied he would pay tax on the parts and labor charges but the wages of the mechanic are not taxed. He stated the garage would pay the sales tax on the gross receipts of \$200.00. Rep. Gilbert stated placing a retail sales tax on services complicates the system and the cost often outweighs the incoming revenue. He said it will be a bookkeeping nightmare.

Rep. Ream stated questions of a technical nature would be directed to Dave Bohyer and those involving philosophy would be directed to Rep. Bradley.

Rep. Driscoll stated as he understood the original bill, the sales tax would only be assessed against the charges for parts in the case of a mechanic repairing a car. He said the amendment is stating the tax would be assessed against the entire bill. Rep. Ream responded that the subcommittee was clarifying the language and he referred again to Dave Bohyer who repeated his previous statement. Rep. Ream referred the question to Rep. Bradley who stated the question is if services should be in the bill or not. She said the bill was intended to be as broad based as possible and to leave out no one. Rep. Driscoll asked if the doctors were included. Rep. Bradley responded medical services were exempt to which Rep. Driscoll said the doctors don't pay the sales tax on their income but the mechanic does.

Rep. Patterson asked Rep. Ream if a farmer had his diesel truck overhauled and paid \$3,000.00 for parts and \$2,000.00 for labor, he would pay sales tax on the full \$5,000.00 bill. Rep. Ream stated that was correct.

On amendment 2, Rep. Ream stated this was a clarification of the sales tax information submitted to the Department of Revenue. Rep. Stang asked Rep. Ream to explain exactly what was involved

in this procedure. Rep. Ream referred to Mr. Bohyer who stated as the bill is written, every one must file monthly. He said there was a recommendation in amendment 3 for small retailers to file quarterly. He stated the DOR will design the form and when this is submitted, the tax liability must be included. Rep. Stang asked what the penalty would be for not filing. Mr. Bohyer replied 5% for the first time and if there is no filing after receiving an extension, it is 10% of the tax due.

On amendment 5, Mr. Bohyer stated the DOR recommended that the face value of food stamps be excluded from the definition of gross household income in determining the sales tax credit.

On amendment 6, Mr. Bohyer said under the bill as drafted, the credits were based on the number of tax exemptions claimed on individual income tax forms. He said this amendment would limit the number of credits claimed to the actual number of people in the household rather than the number of tax exemptions. Rep. Cohen asked about a family with a full-time student not living at home and if they would still be eligible for the deduction. Mr. Bohyer stated it would be only one deduction and the student would have to identify their social security number on the tax form so there would be assurance the deduction was taken only once. Rep. Raney asked if a family would be able to claim the exemption if their child was attending college in another state. Rep. Ream stated the amendment states only that either the parents or the child can claim the exemption but not both. He said attending a college in another state would make no difference. Rep. Stang stated the first year of the tax is a dollar for dollar trade and each year thereafter. Rep. Bradley responded yes. Rep. Stang then said if the counties require additional services, they may have to raise their property taxes again to keep their services or will they have to ask the state for funding of these programs. Rep. Bradley replied each county would have to deal with their own particular needs as things may change, but she said they did not want to maintain two systems indefinitely. Rep. Stang asked what was in the distribution of the tax money to prevent the larger cities from receiving more money than the rural areas. Rep. Bradley stated it would not and the counties will receive what they lose now in property taxes but the counties will have to deal with any future losses.

On amendment 8, Mr. Bohyer stated with the transition from the property tax to the sales tax, there was some confusion about which taxable year and which fiscal year should be used. He said the base year needs to be changed to 1989 and 1991. Rep. Cohen asked which year's taxable value will become the base for the makeup revenue. Mr. Bohyer replied it would be the difference between 1989 and 1990 for property tax revenues. Rep. Stang asked how this would address the counties that have property taxes paid under protest. Rep. Bradley replied it would have nothing to do with this because the protested taxes are kept in an escrow account. She said the counties can estimate what they would receive now and that amount will be reimbursed twice a year on the payment dates of May and November. Rep. Raney asked Rep.

Bradley about his county which had been frugal and cut the mill levies due to considerable revenue intake. He said then came the passage of 1105 that froze the levies at this reduced rate while his county was undergoing a property devaluation. He stated if this would mean that the counties with higher spending and mill levies would always receive much more revenue than a county such as his. Rep. Bradley replied yes. She said the key to the counties is that they have had their tax base eroded every year without any replacement revenue at all. She said this bill will give them the replacement funds and it is a good local government bill but in some cases, the county will receive less money.

On amendment 10, Mr. Bohyer commented there was some concern on the part of conservation districts that they would not receive their prorata share of the revenues since they are a different entity than the counties. He said they do receive their prorata share and the language changes are simply for clarification and do not change the intent of the bill in this regard.

Rep. Ream asked, since the amendments were voted on previously, did anyone wish to segregate any part of the amendments. Rep. Raney moved to reconsider action on the previous amendments and to segregate amendments 7 and 8.

Motion to reconsider action CARRIED by voice vote.

On the motion to segregate amendments 7 and 8, Rep. Bradley stated the amendments were primarily to clarify that only one classification of property tax was necessary. She said if the committee did not like this method, they should consult with other interested parties and devise a substitute. She stated this method was written by the counties and she would be open to any new idea submitted. Rep. Raney then asked if these amendments are not adopted, then what. Rep. Bradley stated the bill would then remain as originally written which would be two classifications which are not really needed. She said it was important to pinpoint the redistribution policy since Rep. Raney felt this penalized his county. Rep. Raney then withdrew his motion to segregate amendments 7 and 8.

Rep. Driscoll asked if the committee would have a chance to amend the amendments. Chairman Harrington stated during this session, the committee would accept or reject the proposed amendments from the subcommittee. He said these amendments would then go into the gray bill which will be ready in one week. He stated if there are other amendments during that time, the committee will act upon these in the next session or on the floor if the bill is passed out of committee. Rep. Driscoll stated he would like the language clarified in regard to taxing wages. He said this should state the tax must be on gross receipts and not on wages and include doctors. Rep. Ream stated that the subcommittee had asked for all amendments by the previous Wednesday. Rep. Driscoll stated this was a substantial change in the bill as previously written and he wanted it to be clarified. Mr. Bohyer said the amendment as written states the wages, salaries, and

commissions of an employee are exempt from the sales tax. Rep. Bradley commented she wanted everyone to have a chance to present any amendments they might want to suggest and this is why she requested that action on the bill be delayed until next week. Rep. Ream concurred and suggested the committee move through these amendments and then draft other suggestions for the next meeting. Rep. Cohen stated the bill should go out on the floor as soon as possible. He said the bill is dead because the people of the state do not want a sales tax. He stated there are many problems the legislature must solve this session and there was an urgent need to move forward. Rep. Ream stated that in all fairness to the process, the committee needed to consider the amendments and the bill is not dead until there is a vote on it. Chairman Harrington stated the committee should either accept or reject the amendments today and any other amendments can be submitted for the final executive session.

The motion to DO PASS on amendments 1 to 12 by Rep. Ream CARRIED unanimously.

Rep. Ream made the motion to DO PASS on the next seven amendments. He said each one would be voted on as the committee considered them.

On amendment 1, concerning intra and interstate transportation, Rep. Ream stated there was a request to exempt this but the subcommittee disagreed and included them and other forms of intra and interstate transportation as well.

Rep. Cohen stated there were municipalities, cities and county governments in the state that are running enterprise funds and other special districts that have engaged as interstate transportation specifically, in the city of Billings, the city operates a refuse deposal service and are they going to have to file as a retailer and charge sales tax on their services. Mr. Bohyer stated section 8, page 14 of the bill exempts local governments except public utilities. Rep. Bradley stated that the only purpose in this amendment was to include interstate motor carriers who are presently exempt since a portion of their business is often intrastate. Rep. Gilbert asked Rep. Bradley if the intent was to register interstate and intrastate carriers but only apply the sales tax to the intrastate portion of the transportation. Rep. Bradley stated that was correct. Rep. Gilbert stated if sales tax is put on transportation, the consumer pays and this is why there should be no sales tax on services. Mr. Bohyer stated that all transactions that are part of interstate commerce are exempt from the sales tax.

The motion DO PASS on amendment 1 CARRIED by a 5 to 13 voice vote with Reps. Patterson, Hanson, Koehnke, Stang and Gilbert voting no.

On amendment 2, Mr. Bohyer stated there are some substances that are technically not chemicals or reagents but are used in mining, milling or processing. He said these are not subject to the

sales tax. Rep. Ream stated this is primarily clarification of language and not a different interpretation by the subcommittee. Rep. Cohen stated this was the opposite of the philosophy of the bill which was to be as inclusive as possible. Rep. Ream stated the chemicals and reagents were exempt in the bill and this is merely a clarification of language, not a change in exemptions. Rep. Bradley stated there were several amendments that go together and they basically try to treat the entire mining process like the manufacturing process. She said there is no taxing of the process components but the tax is on the final product. Rep. Cohen stated he still sees this as opposite to the original philosophy. Rep. Good asked if she had a small restaurant, would the food supplies be taxable. Dave Bohyer responded they would not since anything purchased wholesale for retail resale is not taxed but the final product would be taxed, in other words, the meal purchased by the customer would be taxed.

The motion to DO PASS on amendment 2 CARRIED by a unanimous voice vote.

On amendment 3, Rep. Cohen asked about the certificates of exemptions for manufacturers, would the service industries get these same certificates. Mr. Bohyer replied they would not since their services are taxable unless it is part of their manufacturing process. He said the tax is on the retailer and not on the person delivering the service. Rep. Stang stated this would be a nightmare for anyone to check to ensure the law is followed. Rep. Bradley replied the bill is based on New Mexico's sales tax system which works very well.

The motion to DO PASS on amendment 3 CARRIED by a 14 to 4 voice vote with Reps. Stang, Cohen, O'Keefe and Driscoll voting no.

On amendment 4, Rep. Raney recommended, referring to the inclusion of soda pop in the sales tax, it should be stated if soda pop is purchased with food stamps, it is exempt from the tax. Rep. Bradley said she felt soda pop should be taxed and she did not see this as a difficult problem for the retailers. Rep. Stang disagreed stating he owns a small grocery store and this would be a nightmare plus undue expense on the retailer who must implement this tax.

Rep. Patterson made a substitute motion DO NOT PASS on amendment 4.

Motion FAILED on a 9 to 7 roll call vote.

Rep. Ream made the motion TO REVERSE THE VOTE. Motion CARRIED by unanimous voice vote.

On amendment 5, Rep. Cohen stated this did not reflect the economical needs of the state. Mr. Bohyer stated this amendment treated mining the same as manufacturing and is related to services and not goods.

The motion to DO PASS on amendment 5 CARRIED by a unanimous voice vote.

On amendment 6, which exempted medical services, Mr. Bohyer stated mental health and chemical dependency counselors are licensed in Montana and should be included in the exemption. Rep. Patterson asked about veterinarian services. Mr. Bohyer responded these are taxable.

The motion to DO PASS on amendment 6 CARRIED by a 16 to 2 voice vote with Reps. Patterson and Gilbert voting no.

On amendment 7, Rep. Cohen asked if on-line telephone services to out of state customers would be taxable. Mr. Bohyer replied it would not since it would be in violation of federal restrictions.

The motion to DO PASS on amendment 7 CARRIED by a unanimous voice vote.

On amendment 1 of the third set of amendments, Rep. Ream stated the subcommittee recommended that the sales tax be applied to the rental or lease of lodging facilities that are currently subject to the accommodations tax. Rep. Cohen stated he supported the recommendation since he felt the money would be lost to tourism promotion if this is exempted from the sales tax. Rep. Rehberg opposed the amendment since he considered the tax unfair. He said this is an accommodations and sales tax on the tourists. He also reminded the committee there is no coordinating clause for all of these taxes. Rep. Cohen commented the major purpose of the sales tax is to provide property tax relief and since the hotels and motels will receive this reduction, they should be included in the sales tax.

On the motion to DO PASS amendment 1, the motion CARRIED by a 14 to 4 voice vote with Reps. Hanson, Giacometto, Rehberg and Ellison voting no.

On amendment 2, Rep. Bradley stated this is different from the bed tax and is still a total of 4%. Rep. Stang stated the county treasurer will be facing the objections to the tax rather than the car dealers. Rep. Rehberg stated the county treasurers are familiar with tax collection and have the mechanisms for this currently in place. He said the tax is on new cars only and not on used cars.

The motion to DO PASS on amendment 2 CARRIED by a 9 to 7 roll call vote with two members of the committee absent at this point due to other meetings.

On amendment 3, Rep. Ream stated only building materials are subject to the sales tax on new homes but not the construction labor. Rep. Cohen asked if this included remodeling or only new construction. Mr. Bohyer replied under the bill, the final sale price of a residential structure is taxable. He said, under the

amendment, the person selling the building materials will pay the sales tax whether it is for remodeling or new construction. He stated on other construction, the sales tax will apply to the final structure. Rep. Raney stated this was an inconsistency in that the person rebuilding a car would pay the tax but the person rebuilding a house would not pay. Rep. Rehberg stated a home is the largest purchase of anyone's lifetime and this is the reason for the residential exemption.

On the motion to DO PASS amendment 3, the motion was CARRIED by unanimous voice vote.

On amendment 4, regarding the sale of newspapers and magazines, these are subject to the tax unless it is interstate commerce. Rep. Elliott moved to include subscriptions. Rep. Rehberg stated the reason for excluding subscriptions was to maintain consistency and fairness in the bill. He said the papers from out of state have an unfair advantage since a paper such as the Wall Street Journal would not be taxed but if someone in Helena has a subscription to the Billings Gazette, this would be taxed. Rep. Stang stated the Wall Street Journal does not pay taxes in Montana but the Billings Gazette would receive a substantial property tax break under this bill, therefore they should pay the sales tax. Rep. Gilbert stated there again the consumer will really pay the tax.

Rep. Gilbert made a substitute motion on the third line following "subject to sales taxation," strike comma, insert period, strike next two sentences. He said this will be another consumer cost. Rep. Elliott stated under this bill, the Billings Gazette is scheduled to receive a \$166,000.00 tax break. Mr. Bohyer asked Rep. Gilbert if the purpose of his amendment was to exempt all newspaper sales from the tax. Rep. Gilbert said the amendment stated all subscriptions were exempt. Mr. Bohyer noted that this did not address over the counter sales and vending machine sales. Rep. Gilbert stated he wanted over the counter and vending machine sales to be exempt.

On Rep. Gilbert's amendment, the motion FAILED by an 8 to 7 roll call vote with three committee members absent at the time.

On Rep. Elliott's motion, FAILED by an 8 to 8 roll call tie vote with 3 committee members absent at the time but Rep. O'Keefe left his vote.

On the original amendment, motion FAILED on a 10 to 6 roll call vote with 3 committee members absent at the time but Rep. O'Keefe left his vote.

The committee adjourned at 12:00 noon and will reconvene at 1:00 p.m.

1:00 p.m. - On amendment 5, to tax cigarettes, Rep. Stang made the motion not to accept the subcommittee's recommendation to tax cigarettes and other tobacco products. Rep. Stang stated if

other items are to be taxed, tobacco products should be included. Rep. Rehberg stated cigarettes are currently heavily taxed at 35%. He said this is a matter of fairness. He stated cigarettes are not taxed on the indian reservations which presents a problem since everyone can go there to buy them and avoid the tax. Rep. Stang stated there is a bill in the legislature to address the problem of cigarette taxes on the indian reservations.

On the motion to reject amendment 5, the motion PASSED on a 10 to 6 roll call vote with two committee members absent at this point.

On amendment 6, to exempt computer data based services, Rep. Rehberg stated it was absurd to tax a business that is only in Montana because they want to live in the state. He said the business is not derived from nor or the services in the state.

The motion to DO PASS on amendment 6 CARRIED by a 14 to 2 voice vote with Reps. Hanson and Good voting no and two committee members absent.

On amendment 7, to exempt services provided by architects, engineers, surveyors, and other design professionals if the product developed is used exclusively out of Montana. Rep. Cohen asked about companies that design user specific software and if this would be exempt if out of state only. Mr. Bohyer responded if the customer took delivery of the design service in Montana, it would be taxed but if it was accepted out of state, then it is not taxable.

The motion to DO PASS on amendment 7 CARRIED by a 15 to 1 voice vote with Rep. Stang voting no and two committee members absent.

On amendment 8, to change the election date on the sales tax from June 13, 1989 to November 7, 1989, Rep. Ream stated the election could not be held in June unless the election laws are amended. He said the costs to local governments for a special election would be \$500,00.00. Rep. Gilbert asked if there was a regularly scheduled election on November 7, 1989. Rep. Ream said there was not and it would still be a special election. Rep. Rehberg stated it was the feeling of the committee that since people are accustomed to voting in November, this would be the best time to hold the election and perhaps ensure a good voter turnout. Rep. Raney stated he did not agree since no appropriation of the sales tax revenue could be made from this session of the legislature. He said if the election is held in November, 1990 then the ensuing legislature could appropriate the funds. Rep. Rehberg stated it was a political decision since the Ambassadors stated they would withdraw their support if the election was held in November 1990. He said this is an attempt to avoid having candidates running for office on a pro or con sales tax platform. Rep. Ream stated Rep. Bradley concurred with this position. Rep. Raney stated this was not the Ambassador's decision. He said the candidates should run on a pro or con basis. Rep. Ream stated the June or the November 1990 election will require a separate appropriation bill for the election costs. Rep. Rehberg stated

if 15% of the people vote against the sales tax, it is suspended and all work on the bill stops. He said nothing would be done when the election occurs in November 1990. Rep. Ream asked Dave Bohyer to clarify this point. Mr. Bohyer stated the constitution allows suspension of any act of the legislature if 15% of the voters registered in the last election sign petitions to do so. He stated if signatures of 15% of the voters were collected, this would suspend the election until November of 1990. Rep. Raney said he saw no point in spending \$500,000.00 for a special election when he was sure the bill would be rejected by the voters. He said the money could be better spent. Rep. Giacometto stated he supported having candidates running on a pro or con sales tax issue.

Rep. Raney made the substitute motion to delay the sales tax election until the general election of November 1990.

Motion FAILED on an 10 to 7 roll call vote with one committee member absent.

On amendment 8, the motion to DO PASS CARRIED by an 11 to 6 roll call vote with on committee member absent.

Rep. Rehberg made the motion to RECONSIDER the committee action on exempting newspaper and magazine subscriptions. (Amendment 4 of the second set of amendments).

The motion to RECONSIDER CARRIED by a 14 to 4 voice vote with Reps. Elliott, Raney, Cohen and Good voting no and one committee member absent.

Rep. Rehberg moved to accept the subcommittee's recommendation that all subscriptions to newspapers, magazines, and other printed material be exempt from the sales tax but over the counter and vending machine sales be taxed.

Rep. Rehberg stated there is no way to tax radio or television and in an attempt to be consistent, there should be no impediment to the public's right to be informed. He said often newspapers are the only source of what is happening in the community. He stated the tax cost would be passed on to the consumer if the newspapers are taxed.

Rep. Stang asked about cable television subscriptions. Mr. Bohyer stated this was taxed. Rep. Stang said the cable is a subscription the same as the newspapers. Mr. Bohyer stated cable television is taxable under the bill as written and so are newspapers. Rep. Giacometto stated many areas do not have cable TV in rural Montana or any Montana television stations. He said this will effect many people and he did not feel this was fair, therefore he would support the subcommittee's recommendation. Rep. Raney stated the newspapers will get property tax relief and they will not pass this on to the consumer by lowering the price of papers. He said if they are exempted from the sales tax, they should also be exempt from property tax relief.

On the motion to ACCEPT the subcommittee's recommendation to exempt newspaper and magazine subscriptions, the motion CARRIED by a 9 to 8 roll call vote with one committee member absent.

On the third set of amendments, no change to the bill was recommended by the subcommittee. On amendment 1, to subject the sale of used vehicles to the sales tax, no questions were asked on this amendment. On amendment 2, regarding sales tax on new and used cars, no questions. On amendment 3, regarding construction materials, Rep. Raney stated other services are taxed but construction workers are not taxed and he objected. Rep. Ellison stated they are taxed in the bill if you want to disregard the amendment. Rep. Ream stated for commercial, both the material used and the services are taxed and on residential, only the materials are taxed. Rep. Rehberg stated the home is the largest purchase most people make in their lifetime so they made a special exemption but this would not apply to commercial projects. Rep. Driscoll stated the on-site labor costs are 18% of the cost of a home. He objected to taxing the home construction materials. Rep. Raney stated if a home is built of preassembled materials, the tax would be 88% but if the home is constructed of separate materials, the tax would be 60%. Rep. Gilbert asked why tax homes at all. Mr. Bohyer stated because of the tax structure, the building materials are not taxed. He said the principal intention of the bill is to base the tax on a broad range of goods and services. Rep. Gilbert objected to taxing a new home since the used home would not be taxed.

Amendment 4 was connected with amendment 3 on taxing of residential property, and no further questions were asked.

On amendment 5, regarding exempting utilities from the sales tax, Rep. Ellison moved to accept. (Under the bill as written, all utilities are taxable).

Rep. Rehberg stated the reason utilities were included was because those who might have problems with their utility payments would be receiving the low income rebate and this could go toward their utility bills.

Rep. O'Keefe stated the utility tax is simply a tax on the people and not the utility companies who will pass the cost on to the consumer. Rep. Elliott said the majority of these costs will be passed on to the consumer. Rep. Patterson stated utilities on residences should be exempted.

The motion to EXEMPT UTILITY SERVICES FROM THE SALES TAX FAILED by a 10 to 7 roll call vote.

On amendment 6 to repeal the public contractor's license tax which is not addressed in the bill, no questions were asked.

On amendment 7, to pay vendors 3% of the sales tax collected as an allowance for collecting the sales tax. (Under the bill,

there is no payment to vendors).

Rep. Rehberg stated he was the dissenting vote and made the motion to allow the 3% payment to vendors up to \$6,000.00 of rebate per year.

Rep. Gilbert stated he objected to this since every vendor has to collect taxes of some kind in the state and they do not receive a rebate. He also asked how often the sales tax report had to be submitted. Rep. Ream stated monthly unless the amount was less than \$100.00 which would be submitted quarterly. Rep. Stang stated retailers would have to reprogram their equipment for things that are exempt and not exempt, retrain employees and complete additional forms for the sales tax, therefore he thought the 3% rebate was little enough for all of the difficulties involved. Rep. Raney asked Rep. Rehberg if a realtor is selling property and collecting the 4% sales tax on these sales, does he/she then reimburse himself/herself the 3% rebate on \$6,000.00 of sales tax collections. Mr. Bohyer responded the realtor would return 3% of all the tax collected up to \$6,000.00. He said if a realtor had \$5,000,000.00 in sales, he/she would owe \$200,000.00 in sales tax but could keep \$6,000.00 of the tax funds. Rep. Giacometto asked if this applied to services. Mr. Bohyer responded it applied to any tax due. Rep. Elliott stated he opposed the motion since there is no vendor's rebate in the New Mexico tax and this sales tax is remodeled after their plan. He said this is really a gross receipts tax and the retailer is not collecting sales tax, but paying tax on his/her gross receipts. He said allowing a vendor's rebate is the same as paying someone to pay a tax. Rep. Giacometto stated whatever the tax is called, it should be made more palatable to those who actually are dealing with the tax collection.

The motion to ALLOW THE VENDOR'S REBATE FAILED by a 10 to 7 roll call vote.

On amendment 8, exempting the commission paid to a real estate agent for the service provided in selling improvements to real property, Rep. Rehberg stated he had the dissenting opinion because new homes are already at a competitive disadvantage because the materials for a new home are being taxed but not the sale of existing homes. Rep. Cohen stated this concerns taxing a service, not the purchase of old or new homes. Rep. Rehberg said this amendment may have been stated incorrectly since the problem was that of the commission on a new home and the commission on an old home rather than the service provided. Rep. Ream stated under the bill, all commissions are taxable except those under an employee/employer relationship. Rep. Rehberg said he had wanted to exempt the commission on a new home to make this more equitable. Rep. Hoffman stated if these commissions are exempt, all other commissions should also be exempt.

No motion was made on this amendment and the committee moved to amendment 9, revising the sales tax credit schedule.

Rep. Driscoll moved that the committee ACCEPT amendment 9. Rep. Elliott stated he supported the amendment. Rep. Ream asked the committee to turn to pages 53 and 54 of the bill stating there would be a \$100.00 rebate down through line 8 and from line 9 and half of line 10, through \$15,000.00, the rebate is \$50.00 and \$15,000.00 to \$20,000.00 would be \$25.00.

Rep. Cohen stated this was not enough rebate. Rep. Rehberg stated this adds an additional cost of approximately \$4,000,000.00. Mr. Bohyer stated this rebate is approximately \$4,000.00 over the bill as written but it was clarified that there was no allowance credit for each exemption on the tax returns but only for each member of the household so the difference between this is more than \$4,000,000.00 but he could not say exactly how much. He conferred with Steve Bender from the DOR on this and returned saying the cost will be the \$4,000,000.00.

Rep. Cohen made a substitute motion that a \$100.00 rebate be provided per household member for up to \$15,000.00 of income, \$75.00 per household member up to \$20,000.00 in income, and \$50.00 per household member up to \$25,000.00 in income.

On Rep. Cohen's amendment, the motion FAILED by a 9 to 8 roll call vote.

On Rep. Driscoll's motion, the motion CARRIED by an 11 to 6 roll call vote.

On amendment 10, to design and allow an additional credit mechanism for renters of residential property. Rep. Cohen stated those who own their own homes will receive property tax reductions, and if low income, they will also receive the tax rebate while those renting their home will receive nothing except the low income rebate if they qualify. He felt this was inequitable.

No motion was made on amendment 10.

On amendment 11, if HB 747 is adopted, the newly adopted 2-mill levy for Vo-Tech and Community Colleges will be repealed and the revenue generated replaced from levy with sales tax revenue. (The 2-mill levy is not addressed in the bill).

Rep. Rehberg stated he was the dissenting vote on this and that it is not good policy if this bill is not coordinated with other tax bills. He said the sales tax bill could not be passed with the appropriation for Vo-Tech involved and allow the 2-mill levy also. Rep. Harrington stated a 100 mill levy was passed out of the education committee and he did not think this was the time to deal with this issue. Rep. Raney agreed with Rep. Rehberg and moved that amendment 11 be adopted.

Rep. Cohen stated he would like to know what the exact drop in the statewide taxable value would be. Rep. Raney stated if HB

747 passes, the money will be available to fund Vo-Tech and there was no need for a 2-mill levy also. Rep. Cohen then stated the statewide drop would be 12%.

The motion to adopt amendment 11 PASSED on an 11 to 6 roll call vote.

On amendment 12, if HB 747 passes, repeal existing sections in Title 15, Chapter 7, part 4, MCA; i.e., I-105 is amended.

Rep. Raney asked Rep. Bradley to address whether there should be coordination of this bill with repeal of I105. Rep. Bradley responded that if the 1987 legislative session had passed tax reform and property tax relief, I105 would never have happened, but she said it is logical there should be repeal. Rep. Ellison stated if this bill is to accomplish property tax relief, then it does not matter what is done with I105. Rep. Harrington stated I105 will not be repealed until the legislature does so and he did not think there was enough votes to do this. He saw no point in discussing it in this committee.

Rep. Ream stated if there was no motion on this amendment, the subcommittee's work was finished.

Rep. Bradley stated in view of the action of the Education Select Committee regarding equalizing and distributing funds, it would be best to remove all of this from HB 747 to avoid complicating the issue. She also asked, on pages 129 and 130, that the committee consider making this the funding mechanism for education. She stated that 90% of the current level of funding and the 100 mill levy applied by the select committee does not answer the equalization mandate. She said it should reflect 100 mills and 100% and this is the logical vehicle for this funding. Chairman Harrington asked Rep. Bradley if she wanted the full equalization to be funded from HB 747. Rep. Bradley replied that no matter what the final decision is by the legislature, this is one logical method to be considered for the whole funding package.

Rep. Rehberg stated this should not be done in this committee but on the House floor. He made the motion to deal with this bill in the Taxation Committee before the Easter break. He said he would like to have the amended bill to take back to his constituents to discuss with them.

Rep. Driscoll made a substitute motion to DO NOT PASS AS AMENDED.

Rep. Bradley stated if this motion prevails, with an adverse committee report, it would have to be dealt with on the floor which goes against what had been discussed. She said it was important to wait until next week since more will be known about the budget at that time and she felt this was too soon to make a decision on the bill.

Rep. Rehberg stated the bill had nothing to do with the

appropriations or the Select Committee on Education's action. He said any additional debate should be done on the house floor.

Rep. Cohen stated the adverse committee report would not have to appear on the board until next week. He said Rep. Bradley was correct on the budget information and he felt the committee should work as hard on income tax reform as they have done on HB 747.

Rep. Patterson asked if there was a fiscal note coming to the committee. Rep. Bradley stated they had wanted to wait until action had been taken on the amendments to the bill and it will be forthcoming.

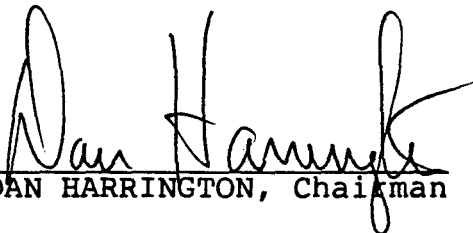
Rep. Giacometto stated due to the discussion that had taken place, the committee should take action on the bill.

Rep. Driscoll withdrew his previous motion. Rep. Rehberg made the motion to DO PASS AS AMENDED.

The motion FAILED on a 12 to 6 roll call vote. Rep. Stang moved to REVERSE the vote. Motion CARRIED unanimously by voice vote.

ADJOURNMENT

Adjournment At: 2:40 p.m.



REP. DAN HARRINGTON, Chairman

DH/lj

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DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date March 20, 1989

NAME	PRESENT	ABSENT	EXCUSED
Harrington, Dan, Chairman	✓		
Ream, Bob, Vice Chairman	✓		
Cohen, Ben	✓		
Driscoll, Jerry	✓		
Elliott, Jim	✓		
Koehnke, Francis	✓		
O'Keefe, Mark	✓		
Raney, Bob	✓		
Schye, Ted	✓		
Stang, Barry	✓		
Ellison, Orval	✓		
Giacometto, Leo	✓		
Gilbert, Bob	✓		
Good, Susan	✓		
Hanson, Marian	✓		
Hoffman, Robert	✓		
Patterson, John	✓		
Rehberg, Dennis	✓		

STANDING COMMITTEE REPORT

3/27/89
RIS: [unclear]
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March 27, 1989

Page 1 of 15

Mr. Speaker: We, the committee on Taxation report that HOUSE BILL 747 (first reading copy -- white) do NOT pass as amended.

Signed: [Signature]
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 23.
Strike: "AND"

2. Title, line 24.
Following: "61-3-501,"
Insert: "AND 61-3-502,"

3. Page 5, line 4.
Following: "(ii)"
Insert: "soda pop or"

4. Page 6, line 15.
Following: "materials"
Insert: ", including the processing for ores in a mill, smelter, refinery, or reduction facility,"

5. Page 6, line 21.
Following: "psychology"
Insert: "or licensed as a mental health professional or chemical dependency counselor"

6. Page 9, line 21.
Strike: "2 1/2%"
Insert: "4%"

7. Page 9, lines 23 through 25.
Following: "." on line 23
Strike: the remainder of line 23 through line 25

8. Page 16, line 4.
Following: "---"

3/29/89
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March 27, 1989
Page 2

Insert: "prescribed"

9. Page 16, line 5.
Following: "drugs,"
Insert: "and"
Following: "devices"
Strike: ", and"
Insert: " -- "

10. Page 16, line 6.
Following: "sale"
Insert: ", by prescription from a person described in [section 1(9)(a)],"

11. Page 16, line 11.
Strike: "The"
Insert: "Except as provided in [sections 1 through 69 and 73 through 75], the"

12. Page 20, line 14.
Following: "--"
Insert: "subscriptions --"

13. Page 20, line 15.
Following: "services."
Insert: "(1) The gross receipts from the sale of subscriptions to newspapers, magazines, and all other printed material are exempt from the sales tax.
(2)"

14. Page 20, line 20.
Strike: "(1)"
Insert: "(a)"
Renumber: subsequent subsections

15. Page 21, line 21.
Following: "to"
Insert: "miner or"

16. Page 21, line 23.
Following: "of"
Insert: "mining or"

17. Page 22, line 4.
Following: "business of"
Insert: "mining or"

18. Page 24, line 20.
Strike: "(a)"

19. Page 24, line 21.

Strike: " subsection (1) (b) "

Insert: "subsections (2) and (4) "

20. Page 24, line 25.

Strike: "(b) "

Insert: "(2) (a) "

Renumber: subsequent subsections

21. Page 25, line 1.

Following: "improvements"

Insert: ", other than residential improvements,"

22. Page 25.

Following: line 4

Insert: "(b) The proportion of the gross receipts from the sale of real property that is attributable to residential improvements constructed on the real property by the seller in the ordinary course of his construction business may be deducted from gross receipts in the proportion that the cost of the construction for everything other than materials bears to the gross receipts for the improvements."

23. Page 25, line 13.

Following: "of"

Strike: "this section"

Insert: "[sections 1 through 69 and 73 through 75]"

24. Page 25, line 15.

Following: "65"

Insert: ", and all such receipts are subject to the tax imposed in [section 2].

(5) For the purposes of this section, "residential improvements" means improvements to real property that are constructed for human habitation in a structure containing fewer than three units. The term includes improvements made to existing residential improvements"

25. Page 27, line 3.

Following: "(1)"

Strike: "Receipts"

Insert: "Except as provided in subsection (4), receipts"

26. Page 28.

Following: line 4

Insert: "(4) Receipts from performing architectural, engineering, surveying, or graphic design services may be deducted from gross receipts if the product resulting from

1/1/89
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March 27, 1989
Page 4

the service or the service is used or applied exclusively outside Montana. For the purposes of this subsection, the provisions of subsection (3) do not apply."
Renumber: subsequent subsection

27. Page 29, line 1.

Following: "chemicals"

Strike: "and"

Insert: ", "

Following: "reagents"

Insert: ", and substances"

28. Page 29, line 3.

Strike: "chemicals or reagents"

Insert: "any chemical, reagent, or other substance"

29. Page 29, line 4.

Strike: "for use"

Insert: "that is used or consumed"

Following: "in"

Insert: "the"

Following: "processing"

Insert: "of"

30. Page 29, line 5.

Following: "smelter,"

Strike: "or"

Following: "refinery"

Insert: ", or reduction facility"

31. Page 29, line 22.

Following: "product"

Insert: "mined or"

32. Page 29, line 23.

Following: "service of"

Insert: "mining,"

Following: "combining"

Insert: ", "

33. Page 29, line 24.

Following: "materials"

Insert: ", including minerals,"

34. Page 30, line 1.

Following: "of"

Insert: "mining or"

35. Page 30, line 5.
Following: "property"
Insert: ", including minerals,"
Following: "of"
Insert: "mining or"

36. Page 31.
Following: line 10
Insert: "NEW SECTION. Section 44. Deduction -- computer data base services. (1) Receipts from the sale or use of computer data base services may be deducted from gross receipts.

(2) For the purposes of [sections 1 through 69 and 73 through 75], "computer data base services" means identifying, compiling, organizing, manipulating, or delivering information actually contained in or to be contained in a computer data base.

(3) Receipts from the sale of computer hardware, software, system development, design, or installation or the sale of an existing computer data base (as opposed to the sale or use of a computer data base service) may not be deducted from gross receipts."

Renumber: subsequent sections

37. Page 38, line 17.
Strike: "Common"
Insert: "Interstate and intrastate"

38. Page 38, line 19.
Strike: "by motor vehicle"

39. Page 39, line 9.
Strike: "On"
Insert: "Except as provided in subsection (2), on"

40. Page 39, line 12.
Following: "by the department"
Insert: ", and the tax due must be paid"

41. Page 39.
Following: line 17
Insert: "(2) A taxpayer who has a tax liability that averages less than \$100 a month and who has been granted the authority to report and remit the tax imposed by [sections 1 through 69 and 73 through 75] on a quarterly basis shall file a return with the payment on or before the 25th day of the month following the end of the calendar quarter."

Renumber: subsequent subsections

42. Page 43, line 21 through page 45, line 20.
Following: line 20 on page 43

Strike: line 21 through page 45, line 20.

Insert: "(1)(a) If a person, without purposely or knowingly violating any requirement imposed by [sections 1 through 69 and 73 through 75], fails to file a return and remit the tax on or before the due date, there is imposed a penalty of 5% of any balance of debt unpaid, with respect to such a return, as of the date the return and remittance were due. In no case may the penalty for failure to file a return by the date due be less than \$5.

(b) The department of revenue may abate the penalty if the person establishes that the failure to file on time was due to reasonable cause and was not due to neglect on his part.

(2)(a) If a person, without purposely or knowingly violating any requirement imposed by [sections 1 through 69 and 73 through 75], fails to pay any tax due on or before the date due, there must be added to the tax as a penalty, 10% of the tax, but not less than \$5. Interest accrues on the tax due at the rate of 1% a month or fraction of a month for the entire period that the tax remains unpaid.

(b) The department may abate the penalty, including interest, if the person establishes that the failure to pay was due to reasonable cause and not due to neglect on his part.

(3) If a person purposely or knowingly violates any requirement imposed by [sections 1 through 69 and 73 through 75] by failing to make a return or to pay the tax due (if there is tax due) at the time required by [section 56], there must be added to the tax an additional amount equal to 25% of the tax due, but the additional amount may not be less than \$25, plus interest at 1% a month or fraction of a month during which the tax remains unpaid."

43. Page 47, line 4.

Strike: "5%"

Insert: "10%"

44. Page 47, lines 5 through 8.

Strike: subsection (1)(b) in its entirety

Renumber: subsequent subsections

45. Page 47, line 13.

Strike: "penalties"

Insert: "penalty"

46. Page 47, line 14.
Strike: "subsections"
Insert: "subsection"
Strike: "and (1) (b)"

47. Page 52, line 17.
Strike: "including"
Insert: "excluding"

48. Page 53, line 22.
Following: "15-30-112"
Insert: "(2) and (3)"

49. Page 53, line 25 through page 54, line 10.
Following: line 24 on page 53
Strike: line 25 through page 54, line 10
Insert: "\$ 0 - 12,999 \$100
13,000 - 14,999 50
15,000 - 19,999 25"

50. Page 54, line 23.
Following: "sought."
Insert: "In submitting a claim for the credit, the taxpayer shall submit the social security number for each exemption for which the credit is claimed, except for an exemption claimed for a person less than 2 years of age."

51. Page 55.
Following: line 6
Insert: "NEW SECTION. Section 73. Examination of credit claims -- adjustments -- delivery of notices and demands. (1) The department of revenue may examine the claims for credit and make an investigation of the records and accounts of a person making the claim if the department considers it necessary to determine the accuracy of the claim.
(2) If the department determines that the amount of the credit due is different from the amount reported to be due, the amount of credit computed on the basis of the examination conducted pursuant to subsection (1) constitutes the amount of credit due.
(3) If the credit due is less than the amount claimed to be due on the claimant's claim, the department shall notify the claimant of the amount due and demand payment, as provided in subsection (4). The amount due must be paid to the department within 60 days after the date of the postmark on the notice.
(4) The notice and demand for payment required by this section must contain a statement of the computation of the

credit and must be:

- (a) sent by first-class mail to the address listed on the claim, if any, or to the claimant's last-known address; or
- (b) served personally upon the claimant.

NEW SECTION. Section 74. Penalties for violation. (1) If a person, without purposely or knowingly violating the provisions of [section 71 or 72], claims a credit to which he is not entitled, there is applied as a penalty 10% of the amount of the excess claimed but not due. In no case may the penalty be less than \$5. In addition, interest on the amount of the excess claimed but not due must be charged in the amount of 1% a month or partial month until the total debt is paid.

(2) If a person purposely or knowingly violates the provisions of [section 71 or 72], all future claims for credit must be denied by the department of revenue."

Renumber: subsequent sections

52. Page 56, line 18.

Strike: "1990"

Insert: "1989"

53. Page 56, line 19.

Strike: "and each year thereafter,"

54. Page 56, line 22.

Strike: "1990"

Insert: "1989"

55. Page 57, line 1.

Strike: "1991"

Insert: "1990"

56. Page 57, line 11.

Strike: "1991"

Insert: "1990"

57. Page 57, line 13.

Strike: "1990"

Insert: "1989"

58. Page 57, line 15.

Following: "certified"

Insert: "state and local"

Following: "mill"

Strike: "levy"

Insert: "levies"

59. Page 57, line 16.

Following: "county"

Insert: "and the appropriate state accounts"

60. Page 57, line 16.

Strike: "1991"

Insert: "1990"

61. Page 57.

Following: line 20

Insert: "(4) On or before May 31, 1990, the department shall remit to the county treasurer of each county 30% of the reimbursement amount computed by the department. The department shall base the reimbursement on the reduction in personal property tax revenues due to [sections 104 and 105] and applied to the taxable values and mill levies for tax year 1989."

Renumber: subsequent subsection

62. Page 57, line 23.

Strike: "state,"

Following: "municipal,"

Insert: "conservation district,"

63. Page 57, line 25.

Following: "distributed"

Insert: "but shall disregard state property tax levies"

64. Page 150.

Following: line 9

Insert: "Section 138. Section 61-3-502, MCA, is amended to read:

"61-3-502. Sales tax on new motor vehicles -- exemptions.

(1) In consideration of the right to use the highways of the state, there is imposed a tax upon all sales of new motor vehicles, excluding trailers, semitrailers, and housetrailer, for which a license is sought and an original application for title is made. The tax shall be paid by the purchaser when he applies for his original Montana license through the county treasurer.

(2) ~~Except as provided in subsection (4), the~~ The sales tax shall be:

~~(a) 1% is 4% of the f.o.b. factory list price or f.o.b. port-of-entry list price, during the first quarter of the year or for a registration period other than a calendar year or calendar quarter;~~

~~(b) 1 1/2% of the list price during the second quarter of the year;~~

~~(c) 3/4 of 1% during the third quarter of the year;~~

~~(d) 3/8 of 1% during the fourth quarter of the year.~~

~~(3) If the manufacturer or importer fails to furnish the f.o.b. factory list price or f.o.b. port of entry list price, the department may use published price lists.~~

~~(4) The new car sales tax on vehicles subject to the provisions of 61-3-313 through 61-3-316 is 1% of the f.o.b. factory list price or f.o.b. port of entry list price regardless of the month in which the new vehicle is purchased.~~

(5) The proceeds from this tax shall be remitted to the state treasurer every 30 days for credit as follows:

(a) 32.5% to the state highway account of the state special revenue fund; and

(b) 67.5% to the sales tax and use tax account described in [section 75].

~~(6) The new vehicle is not subject to any other assessment, fee in lieu of tax, or tax during the calendar year in which the original application for title is made.~~

(7) (a) The applicant for original registration of any new and unused motor vehicle, or a new motor vehicle furnished without charge by a dealer to a school district for use as a traffic education motor vehicle by a school district operating a state-approved traffic education program within the state, whether or not previously licensed or titled to the school district (except a mobile home as defined in 15-1-101(1)), acquired by original contract after January 1 of any year, is required, whenever the vehicle has not been otherwise assessed, to pay the motor vehicle sales tax provided by this section irrespective of whether the vehicle was in the state of Montana on January 1 of the year.

(b) No motor vehicle may be registered or licensed under the provisions of this subsection unless the application for registration is accompanied by a statement of origin to be furnished by the dealer selling the vehicle, showing that the vehicle has not previously been registered or owned, except as otherwise provided herein, by any person, firm, corporation, or association that is not a new motor vehicle dealer holding a franchise or distribution agreement from a new car manufacturer, distributor, or importer.

~~(8)~~ (7) (a) Motor vehicles operating exclusively for transportation of persons for hire within the limits of incorporated cities or towns and within 15 miles from such limits are exempt from subsection (1).

(b) Motor vehicles brought or driven into Montana by a nonresident, migratory, bona fide agricultural worker temporarily employed in agricultural work in this state

where those motor vehicles are used exclusively for transportation of agricultural workers are also exempt from subsection (1).

(c) Vehicles lawfully displaying a licensed dealer's plate as provided in 61-4-103 are exempt from subsection (1) when moving to or from a dealer's place of business when unloaded or loaded with dealer's property only, and in the case of vehicles having a gross loaded weight of less than 24,000 pounds, while being demonstrated in the course of the dealer's business."

Renumber: subsequent sections

65. Page 150, line 18.

Following: "rates"

Insert: "and credits"

66. Page 150, line 19.

Strike: "restriction on increasing"

Insert: "restrictions"

Following: "."

Insert: "(1)"

67. Page 150.

Following: line 21

Insert: "(2) The income tax credit for sales tax paid provided in [section 71] may be decreased only if the decrease is approved by the electorate."

68. Page 151, line 6.

Strike: "0.0001"

Insert: "0.001"

69. Page 156, line 11.

Strike: "June 13"

Insert: "November 7"

70. Page 158, line 5.

Strike: "137"

Insert: "151"

71. Page 158.

Following: line 13

Insert: "NEW SECTION. Section 158. Coordination instruction. If [this act] is approved at the election held pursuant to [section 150] and Senate Bill No. 287 is passed and approved, Senate Bill No. 287 is void."

March 27, 1989
Page 12

Amendment #72 -- At the following locations where the reference to "[sections 1 through 68 and 72]" appears, strike "68" and insert "69", strike "72" and insert "75"

1. Page 3, line 10.
2. Page 13, line 8.
3. Page 17, lines 7, 11, 17.
4. Page 22, line 11.
5. Page 23, line 3.
6. Page 32, line 3.
7. Page 33, line 1, lines 22 and 23.
8. Page 34, lines 16 and 17.
9. Page 35, lines 6, 9, 22.
10. Page 36, line 13.
11. Page 37, line 23.
12. Page 38, lines 1 and, lines 14 and 15, line 21.
13. Page 39, line 10.
14. Page 40, lines 5, 7.
15. Page 42, line 4
16. Page 45, line 22.
17. Page 46, lines 3 and 4.
18. Page 48, line 2, lines 11 and 12, lines 16 and 17, line 20, lines 22 and 23.
19. Page 49, lines 2 and 3, lines 13 and 14, line 22.
20. Page 50, line 19.
21. Page 51, line 1, line 17, lines 22 and 23.

22. Page 55, lines 10 and 11.

Amendment #73 -- At the following locations where an internal reference appears as "[section #]" or "[sections # and #]" or "[sections # through #]", strike the "#" and insert the new "#".

<u>Location</u>	<u>Strike</u>	<u>Insert</u>
23. Page 5, line 20.	54	55
24. Page 33, line 20.	45	46
25. Page 34, line 11.	45	46
26. Page 35, line 8.	56	57
27. Page 36, line 2.	45	46
28. Page 37, line 24.	56	57
29. Page 38, lines 6 and 24.	45	46
30. Page 42, line 14.	62(2)	63(2)
31. Page 52, line 3.	69	70
32. Page 52, line 3.	71	72
33. Page 52, line 6.	70	71
34. Page 55, line 4.	69	70
35. Page 55, line 4.	71	72
36. Page 55, line 14.	73	76
37. Page 55, line 21.	74(3)	77(3)
38. Page 56, line 8.	105	108
39. Page 56, line 11	138	142
40. Page 96, line 5.	73(1) (b) (11)	76(1) (b) (11)

41. Page 133, line 9.	73	76
42. Page 150, line 23.	137	141
43. Page 150, line 23.	144	148
44. Page 151, line 18.	73(1) (b) (iii)	76(1) (b) (iii)
45. Page 154, line 10.	137	141
46. Page 154, line 10.	142	146
47. Page 154, line 12.	137	141
48. Page 154, line 12.	142	146
49. Page 154, line 25.	136	140
50. Page 154, line 25.	147	151
51. Page 155, line 3.	146	150
52. Page 156, line 8.	136	140
53. Page 156, line 8.	147	151
54. Page 156, line 17.	68	69
55. Page 156, line 17.	72, 73	75, 76
56. Page 156, line 17.	136	140
57. Page 156, line 19.	68	69
58. Page 156, line 19.	72	75
59. Page 156, line 20.	73	76
60. Page 156, line 20.	136	140
61. Page 156, line 21.	69	70
62. Page 156, line 21.	71	74
63. Page 156, line 24.	69	70
64. Page 156, line 24.	71	74
65. Page 156, line 25.	74	77

March 27, 1989
Page 15

66. Page 156, line 25.	135	139
67. Page 157, line 2.	74	77
68. Page 157, line 3.	135	139
69. Page 157, line 4.	105	108
70. Page 157, line 6.	105	108
71. Page 157, line 7.	137	141
72. Page 157, line 7.	144	148
73. Page 157, line 9.	137	141
74. Page 157, line 10.	144	148
75. Page 158, line 3.	145, 146	149, 150
76. Page 158, line 7.	73	76
77. Page 158, line 7.	137	141
78. Page 158, line 7.	144	148
79. Page 158, line 9.	74	77
80. Page 158, line 9.	134	138

EXHIBIT 1
DATE 3/20/89
HB 747

Report of the House Taxation Subcommittee on *Rep. H. Bradley*

House Bill No. 747: The Sales Tax Bill

SUBCOMMITTEE MEMBERS

Rep. Bob Ream, Rep. Jim Elliott, Rep. Dennis Rehberg

March 20, 1989

Compiled by Dave Bohyer, Montana Legislative Council

INTRODUCTION

The following report contains the recommendations made by the House Taxation Subcommittee on House Bill No. 747, the sales tax bill.

The format of this report generally lays out a certain provision of HB 747, as introduced, followed by the Subcommittee's recommendation for revision. The Subcommittee's recommendations are presented here in narrative form to facilitate understanding and discussion of the issues. If a recommendation is adopted by the House Taxation Committee, it will be drafted in the technically correct amendment form to be included in HB 747 on Second Reading.

The narrative is comprised of four separate parts. The first part addresses recommendations that are generally of a technical or administrative nature. Any controversy among the Subcommittee members regarding the recommendations in the first part was limited.

The second part of the narrative addresses recommendations that will require revisions to the bill. The recommendations in the second part were less controversial than recommendations in the third part of the narrative.

The third part of the narrative also addresses recommendations that will require revisions to the bill. The recommendations in the third part of the narrative were more controversial than either the recommendations in the first or second part of the narrative.

The fourth (and final) part of the narrative addresses subjects or items brought before the Subcommittee that the Subcommittee members rejected by overt action or by no action. The subjects and items included in the fourth part of the narrative are comprised of only those subjects and items that were the most controversial of the subjects and items not recommended by the Subcommittee.

RECOMMENDATIONS OF A TECHNICAL OR ADMINISTRATIVE NATURE

The Subcommittee recommends technical or administrative revisions to the bill regarding the following items:

1. Clarify the language relating to the exemption of wages, salary, and commission received by an employee from an employer;
2. Clarify that the sales tax information submitted to the Department of Revenue must be on a form provided by the Department and that the tax be remitted at the same time as the tax return;
3. Allow a retailer whose tax liability is less than \$100 per month to file a quarterly return rather than a monthly return;
4. Restructure the penalties for violating the provisions of the sales tax law;
5. Do not include the face value of food stamps within the definition of "gross household income" in determining the credit allowed for sales tax paid;
6. Clarify that the sale tax credit may be claimed only for the number of individuals in the household and require a person claiming a sales tax credit to submit the social security number of each person (except those under 2 years of age) for which a credit is being claimed;
7. Eliminate the requirement for counties to maintain two classification schemes for the reimbursement of property tax reductions;
8. Change the base years for which property tax reductions will be reimbursed with sales tax revenues;

Rep. W. Bradley

9. Clarify the reimbursement to counties for revenue lost to the reclassification of unsecured personal property in the first taxable year of the tax reduction;

10. Clarify that a pro rata share of property tax replacement revenues be distributed to conservation districts;

11. Correct the multiplier representing 1 mill by changing the number from 0.0001 to 0.001.

12. Correct the effective date of section 147 of the bill by changing "section 137" to "section 147" in section 152.

**RECOMMENDATIONS OF A SUBSTANTIVE AND LESS
CONTROVERSIAL NATURE**

1. Under the bill, persons engaged in interstate and intrastate transportation by motor carrier are required to register as a retailer.

The Subcommittee recommends that all persons engaged in interstate and intrastate transportation, including railroad and air transportation, be required to register as retailers.

2. Under the bill, chemicals and reagents (a substance used in chemical activity) that are used in mining, milling, or processing are not taxable.

The Subcommittee recommends that other substances that may not technically be a chemical or a reagent also be exempted from sales taxation, provided that the substances are used in mining, milling, or processing.

3. Under the bill, numerous goods and services used by or in the "manufacturing" process are not subject to taxation.

The Subcommittee recommends that the definition of "manufacturing" be clarified so that the processing of ores in a mill, smelter, refinery, or other reduction facility is treated as manufacturing.

4. Under the bill, food for human consumption, as determined by the federal food stamp program, is exempt from sales taxation.

The Subcommittee recommends that soda pop, which is food for human consumption re the food stamp program, be subject to sales taxation.

EXHIBIT 1

DATE 3/20/89

HB 747

Rep. R. Bradley

5. Under the bill, the sale of goods and services to persons engaged in manufacturing is not taxable if the goods or services are an integral part of the product being manufactured.

The Subcommittee recommends that the nontaxable status of the sale of goods and services to manufacturers be clarified to include the same sales to persons engaged in mining.

6. Under the bill, medical services are not subject to taxation.

The Subcommittee recommends that the definition of "medical services" include the services provided by a person licensed as a "mental health professional" or as a "chemical dependency counselor".

7. The bill requires that any proposed increase in the rate of the sales tax be referred to the electorate.

The Subcommittee recommends that any proposed decrease in the sales tax credit allowed under the bill similarly be referred to the electorate.

**RECOMMENDATIONS OF A SUBSTANTIVE AND MORE
CONTROVERSIAL NATURE**

1. Under the bill, the rental or lease of lodging facilities is not subject to taxation.

The Subcommittee recommends that lodging facilities that are subject to the existing accommodations tax also be subject to the sales tax.

2. New motor vehicles are subject to a 1 1/2% "new car sales tax" under existing law. Revenue from the existing tax is allocated to the state highway account. Under HB 747, as introduced, a sales tax of 2 1/2% is imposed on the sale of new vehicles in addition to the existing 1 1/2% tax.

The Subcommittee recommends that new vehicles be subject to the 4% sales tax (the same as sales of all other new personal property), that the tax be collected by the County Treasurer rather than by the dealer, and that the revenue from the sales tax on new vehicles be allocated as follows: 37.5% to the highway account and 62.5% to the sales tax and use tax account.

3. Under the bill, sales of most services are subject to taxation as are sales of most goods. With respect to the construction of improvements to land, none of the material or services that are contracted or subcontracted for are taxable until the final sale of whatever is being constructed. The result is that the final sale of the construction project (exclusive of contractor profit) includes all of the materials and all of the services used to construct the project. It is only at the final sale of the construction project that the sales tax applies.

The Subcommittee recommends that for residential construction projects, only the materials used in the project be subject to the sales tax. For the purposes of this recommendation, the Subcommittee further recommends that "residential construction" be limited to projects that include the construction of single-family residences and duplexes. Therefore, a construction project of three or more units of living quarters for human habitation is not considered to be "residential construction" for the purposes of the sales tax.

EXHIBIT 1
DATE 3/20/89
HB 747

Rep. H. Bradley

4. Under the bill, the sale of newspapers, magazines, and other printed material is subject to taxation (unless it is part of interstate commerce, e.g., a subscription to the New York Times).

The Subcommittee recommends that all subscriptions to newspapers, magazines, and other printed material not be subject to sales taxation, but that over-the-counter sales and sales from newspaper machines be subject to the tax.

5. Under the bill, the sale of cigarettes and other tobacco products is taxable.

The Subcommittee recommends that the sale of cigarettes and other tobacco products be exempted from sales taxation.

6. Under the bill, the sale of a good or service is generally taxable. Where the bill is silent on the taxability of a transaction, the presumption is that the transaction is taxable.

The Subcommittee recommends that "computer data base services" not be subject to taxation. The term "data base services" includes the identification, compilation, manipulation, organization, and delivery of information to be contained in or actually contained in a computer data base.

7. The services provided by persons commonly referred to as "professionals" (except those in the medically related professions) are generally subject to the sales tax.

The Subcommittee recommends that services provided by architects, engineers, surveyors, and other design professionals not be subject to taxation if the product developed is used exclusively out of Montana.

8. The bill is to be referred to the electorate at a special election to be held June 13, 1989.

The Subcommittee recommends that the date of the election be delayed until November 7, 1989.

7. Pay vendors 3% of the sales tax collected as an allowance for collecting the sales tax. (There is no payment to vendors under the bill as written.)

8. Do not tax the commission paid to a real estate agent for the service provided in selling improvements to real property. (Commissions received from other than an employer/employee relationship are taxable under the bill.)

9. Revise the sales tax credit schedule as follows: Persons with a gross household income of:
 - (a) less than \$13,000 would receive a sales tax credit of \$100 per household member;
 - (b) at least \$13,000 but less than \$15,000 would receive a sales tax credit of \$50 per household member;
 - (c) at least \$15,000 but less than \$20,000 would receive a sales tax credit of \$25 per household member.

Persons with a gross household income of \$20,00 or more would be ineligible for any sales tax credit.

(There is a sales tax credit mechanism in the bill as written, Section 70 on pages 53 and 54.)

10. Design and allow an additional credit mechanism for renters of residential property. (There is no special credit for renters in the bill as written.)

11. If HB 747 is adopted, repeal the newly adopted 2-mill levy for Vo-Techs and Community Colleges and replace revenue generated from levy with sales tax revenue. (The 2-mill levy for Vo-Techs is not addressed in the bill.)

12. If HB 747 passes, repeal existing sections in Title 15, chapter 7, part 4, MCA; i.e., I-105, as amended. (Other than technical amendments, I-105/SB 71 is not addressed in the bill.)

EXHIBIT 1
DATE 3/20/89
HB 747

**SUBJECTS OR ITEMS OF A SUBSTANTIVE AND
MORE CONTROVERSIAL NATURE**

Rep. W. Brode

NO CHANGE TO THE BILL IS RECOMMENDED

1. Subject the sale of used vehicles to the sales tax. (Used vehicles are not taxable under the bill as written.)

2. If used vehicles are subject to the sales tax, the sales tax on new vehicles would be only on the value of the new vehicle less any trade-in allowance. (No trade-in allowance provided in the bill as written because used vehicles are not taxable under the bill.)

3. Subject only the material used in a construction project to the sales tax. That is, exempt construction services for all construction projects. (Under the bill as written, all construction materials and services are taxable upon final sale.)

4. Residential property, regardless of the number of units being constructed, would be subject to the sales tax for materials only. (Under the bill as written, all construction materials and services are taxable upon final sale.)

5. Do not subject the sale of utilities to the sales tax. (All utilities are taxable under the bill.)

6. Repeal the Public Contractor's License Tax. (The Public Contractor's License Tax is not addressed in the sales tax bill.)

Distribution

The Sales Tax Revenue and Distribution: Assuming the above exemptions and a tax rate of four percent, the \$285 Million in revenue would be distributed as follows:

	<u>Million</u>	<u>% of Revenue</u>	<u>% of Available</u>
Revenue 4% at 71 Million per 1% tax =	\$285	100.0%	
Less estimated low income rebates	<u>\$28</u>	<u>9.8</u>	
Available for allocation	\$257	90.1	
Less estimate of revenue needed to reduce residential, personal and commercial property tax classification rates to 3.5%	<u>\$67</u>	<u>23.5</u>	
Remainder available for appropriation	\$190	66.6%	100.0%
Public Education	\$100	35.0%	53.0%
Higher Education Including university system, vo-tech, community colleges	\$28	9.8%	15.0%
City, Town and County Governments			
Mill reduction	\$10	3.5%	5.5%
New revenue	\$10	3.5%	5.5%
Remainder to State General Fund (percents rounded)	\$42	14.4	21.0%

EXHIBIT 2
DATE 3/26/89
HB 947
Rep. W. Bradley

Distribution

Property Tax Relief: Of the \$257 million raised by the Sales taxes after deduction of the low income rebates, \$177 million or 68% is allocated to three types of property tax relief:

- \$ 67. million to reduce residential, personal and commercial property tax classification rates to 3.5%
- \$100. for public education to reduce local school property taxes
- \$ 10. to reduce city and county mill levies
- \$177. Total property tax reductions

EXHIBIT 2DATE 3/20/89HB 747*Rep. H. Bradley*

Distribution with 10% Revenue Discount

The Sales Tax Revenue and Distribution: Assuming the above exemptions and a tax rate of four percent, the \$285 Million in revenue would be distributed as follows:

	<u>Million</u>	<u>% of Revenue</u>	<u>% of Available</u>
Revenue 4% at 71 Million per 1% tax =	\$285		
Less 10% for start-up year	\$29		
Total Available	\$256	100%	
Less estimated low income rebates	<u>\$14</u>	<u>5.4</u>	
Available for allocation	\$242	94.5	
Less estimate of revenue needed to reduce residential, personal and commercial property tax classification rates to 3.5%	<u>\$67</u>	<u>26.1</u>	
Remainder available for appropriation	\$175	68.3%	100.0%
Public Education	\$92.7	36.2%	53.0%
Higher Education including university system, vo-tech, community colleges	\$26.25	10.2%	15.0%
City, Town and County Governments			
Mill reduction	\$9.62	3.7%	5.5%
New revenue	\$9.62	3.7%	5.5%
Remainder to State General Fund	\$36.8	14.3	21.0%
(percents rounded)			

EXHIBIT 3
DATE 3/20/88
NB 747
Reg. B. Blawie

NATIONAL TAX SURVEY

1988



SALES AND USE TAX

Published by:
Mississippi State Tax Commission
Post Office Box 1033
Jackson, Mississippi 39205

EXHIBIT 4
DATE 3/26/89
HB 747
Rep. H. Bradley

MONTANA



Tavern Association

Affiliated and Associated with the NLBA
PROFESSIONAL PLAZA - SUITE AB-2
900 N. MONTANA AVENUE - P.O. BOX 851
Helena, MT 59624 / PHONE 406-442-5040

March 19, 1989

TO: Rep. Dan Harrington, Chairman, and
Members of the House Taxation Committee

RE: HB747

The Montana Tavern Association strongly objects to alcoholic beverages not being exempt from the 4% general sales tax proposed in HB747. According to the sponsors and the brief on HB747, some products such as motor fuels and cigarettes have been exempt because they are "already heavily taxed". We point out that, if this is a criteria for exemption, there is no logical reason why alcoholic beverages should not also be exempt.

Taxes on liquor products are to the point now that they account for a larger share of the retail price than does either the cost of making the product or the combined costs of wholesaling and retailing it. An astonishing 58.5% of the total retail cost of a typical bottle of liquor can be attributed to taxes: 27.3% to the federal government (this bears the questionable distinction of being the greatest tax burden of any excise-taxed product), and 31.2% to the state. The state excise tax, incidentally, is figured ON TOP of the delivered price to the state warehouse, which includes federal excise tax, plus outgoing freight, plus a 40% markup. Translated into dollars, \$4.27 of the retail cost of \$7.30 for a .750ml bottle of liquor represents state and federal taxes - 58.5%. Experience in our state and others in the Nation clearly shows that whenever taxes are increased, sales decrease; when sales decrease, so do revenues to the government, which makes the entire program counter-productive.

In addition to the industry's contribution in taxes, it makes a substantial contribution to the local economy. If you would consider the tavern industry in Montana as a single business entity that provides 17,000 direct and indirect employment opportunities, generates about \$211 million in wages, millions of dollars in property, income and other taxes, and licenses, and turns over millions every year in revenues to the government, we seriously doubt that the state of Montana would allow any harm to come to such a contributor. Indeed, the state would want such a business to thrive, to remain healthy. Our "company" isn't in one location and it isn't owned by one person. It has locations all over the state and they are owned and operated by hundreds of small businessmen and women. None-

Rep. W. Bradley

theless, these locations and these owners produce the same revenue, jobs, taxes, and economic support that the "single business entity" would.

There are now four bills in this Legislature to tax alcoholic beverages in one manner or another. Our position will be the same on all of them. We believe the liquor industry can best serve the needs of society and government by remaining financially strong so we can continue to contribute tax revenues and provide jobs. An increase in the excise tax on liquor would seriously inhibit our ability to make these contributions and do severe damage to our industry.

We would hope the Legislature can produce a more imaginative and equitable solution to the state's revenue problems than to once more propose taxes on "sin", especially a "sin" that delivers badly needed jobs for our economy and an already generous tax bounty to the state and local treasuries.

Very truly yours,

Steve Wilken
STEVE WILKEN, President

SW/d

cc: All Members of the House and Senate

Source of Statistics: Distilled Spirits Council of the U.S.,
17 Jan 89. 1988 Tax Burdens on a 750ml
Bottle of Liquor, DISCUS, 17 Jan 89.

ROLL CALL VOTE

TAXATION

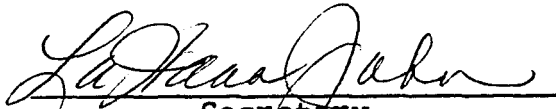
COMMITTEE

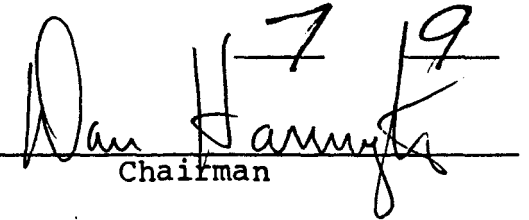
DATE March 20, 1989 BILL NO. HB 747

NUMBER 1

NAME	AYE	NAY
Cohen, Ben		<input checked="" type="checkbox"/>
Driscoll, Jerry		
Elliott, Jim	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ellison, Orval		<input checked="" type="checkbox"/>
Giacometto, Leo		<input checked="" type="checkbox"/>
Gilbert, Bob		<input checked="" type="checkbox"/>
Good, Susan	<input checked="" type="checkbox"/>	
Hanson, Marian		<input checked="" type="checkbox"/>
Hoffman, Robert		<input checked="" type="checkbox"/>
Koehnke, Francis	<input checked="" type="checkbox"/>	
O'Keefe, Mark	<input checked="" type="checkbox"/>	
Patterson, John	<input checked="" type="checkbox"/>	
Raney, Bob	<input checked="" type="checkbox"/>	
Ream, Bob		<input checked="" type="checkbox"/>
Rehberg, Dennis		<input checked="" type="checkbox"/>
Schye, Ted		
Stang, Barry "Spook"	<input checked="" type="checkbox"/>	
Harrington, Dan, Chairman		<input checked="" type="checkbox"/>

TALLY


Secretary

7/19

Chairman

MOTION: DO NOT PASS. MOTION FAILED. (ON AMENDMENT 4).

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989

BILL NO. HB 747

NUMBER 2

NAME	AYE	NAY
Cohen, Ben		✓
Driscoll, Jerry		
Elliott, Jim	✓	
Ellison, Orval	✓	✓
Giacometto, Leo	✓	✓
Gilbert, Bob	✓	✓
Good, Susan	✓	
Hanson, Marian	✓	
Hoffman, Robert	✓	
Koehnke, Francis	✓	
O'Keefe, Mark	✓	
Patterson, John	✓	
Raney, Bob		✓
Ream, Bob		✓
Rehberg, Dennis	✓	
Schye, Ted		
Stang, Barry "Spook"		✓
Harrington, Dan, Chairman		✓

TALLY

John J. Hanna
Secretary

Dan Harrington
Chairman

9

7

MOTION: DO PASS ON AMENDMENT 2. MOTION CARRIED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989 BILL NO. HB 747

NUMBER 3

NAME	AYE	NAY
Cohen, Ben		✓
Driscoll, Jerry		
Elliott, Jim		✓
Ellison, Orval	✓	
Giacometto, Leo	✓	
Gilbert, Bob	✓	
Good, Susan		✓
Hanson, Marian	✓	
Hoffman, Robert	✓	
Koehnke, Francis		✓
O'Keefe, Mark		
Patterson, John		✓
Raney, Bob		✓
Ream, Bob		✓
Rehberg, Dennis	✓	
Schye, Ted		
Stang, Barry "Spook"		✓
Harrington, Dan, Chairman	✓	

TALLY

John Patterson
Secretary

Dan Harrington
Chairman

7 8

MOTION: TO EXEMPT NEWSPAPERS FROM THE SALES TAX. MOTION FAILED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989 BILL NO. HB 747

NUMBER 4

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry	✓	
Elliott, Jim	✓	
Ellison, Orval	✓	
Giacometto, Leo		✓
Gilbert, Bob		✓
Good, Susan	✓	
Hanson, Marian		✓
Hoffman, Robert	✓	
Koehnke, Francis	✓	
O'Keefe, Mark		✓
Patterson, John		✓
Raney, Bob	✓	
Ream, Bob		✓
Rehberg, Dennis		✓
Schye, Ted		
Stang, Barry "Spook"	✓	
Harrington, Dan, Chairman		✓

TALLY

8 8

LaShon Johnson
Secretary

Dan Harrington
Chairman

MOTION: TO INCLUDE SUBSCRIPTIONS IN THE SALES TAX. MOTION

FAILED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989 BILL NO. HB 747 NUMBER 5

NAME	AYE	NAY
Cohen, Ben		✓
Driscoll, Jerry		✓
Elliott, Jim		✓
Ellison, Orval		✓
Giacometto, Leo	✓	
Gilbert, Bob		✓
Good, Susan		✓
Hanson, Marian		✓
Hoffman, Robert		✓
Koehnke, Francis		✓
O'Keefe, Mark	✓	
Patterson, John	✓	
Raney, Bob		✓
Ream, Bob	✓	
Rehberg, Dennis	✓	
Schye, Ted		
Stang, Barry "Spook"		✓
Harrington, Dan, Chairman	✓	

TALLY

John
Secretary

6 *10*
Chairman
Chairman

MOTION: DO PASS ON AMENDMENT 4 OF THE THIRD GROUP OF AMENDMENTS.

MOTION FAILED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989 BILL NO. HB 747

NUMBER 6

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry	✓	
Elliott, Jim	✓	
Ellison, Orval		✓
Giacometto, Leo		✓
Gilbert, Bob		✓
Good, Susan	✓	
Hanson, Marian		✓
Hoffman, Robert	✓	
Koehnke, Francis	✓	
O'Keefe, Mark	✓	
Patterson, John	✓	
Raney, Bob	✓	
Ream, Bob	✓	
Rehberg, Dennis		✓
Schye, Ted		
Stang, Barry "Spook"	✓	
Harrington, Dan, Chairman		✓

TALLY

John
Secretary

10 / 6
Dan Harrington
Chairman

MOTION: NOT TO ACCEPT SUBCOMMITTEE AMENDMENT 5. MOTION

CARRIED 10 to 6.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989 BILL NO. HB 747 NUMBER 7

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry	✓	
Elliott, Jim	✓	
Ellison, Orval		✓
Giacometto, Leo		✓
Gilbert, Bob		✓
Good, Susan		✓
Hanson, Marian		✓
Hoffman, Robert		✓
Koehnke, Francis	✓	✓
O'Keefe, Mark		✓
Patterson, John		✓
Raney, Bob	✓	✓
Ream, Bob		✓
Rehberg, Dennis		✓
Schye, Ted		
Stang, Barry "Spook"	✓	
Harrington, Dan, Chairman	✓	

TALLY

LaDawn Johnson
Secretary

Dan Harrington 7 10
Chairman

MOTION: TO DELAY SALES TAX ELECTION UNTIL THE GENERAL ELECTION OF
1990. MOTION FAILED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989 BILL NO. HB 747 NUMBER 8

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry	✓	
Elliott, Jim		✓
Ellison, Orval	✓	
Giacometto, Leo	✓	
Gilbert, Bob	✓	
Good, Susan	✓	
Hanson, Marian	✓	
Hoffman, Robert	✓	
Koehnke, Francis		✓
O'Keefe, Mark	✓	
Patterson, John		✓
Raney, Bob		✓
Ream, Bob	✓	
Rehberg, Dennis	✓	
Schye, Ted		
Stang, Barry "Spook"		✓
Harrington, Dan, Chairman		✓

TALLY

John Patterson
Secretary

11 6
Dan Harrington
Chairman

MOTION: DO PASS ON AMENDMENT 8. MOTION CARRIED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989 BILL NO. HB 747

NUMBER 9

NAME	AYE	NAY
Cohen, Ben		✓
Driscoll, Jerry		✓
Elliott, Jim		✓
Ellison, Orval	✓	
Giacometto, Leo	✓	
Gilbert, Bob	✓	
Good, Susan		✓
Hanson, Marian	✓	
Hoffman, Robert	✓	
Koehnke, Francis		✓
O'Keefe, Mark	✓	
Patterson, John		✓
Raney, Bob		✓
Ream, Bob	✓	
Rehberg, Dennis	✓	
Schye, Ted		
Stang, Barry "Spook"		✓
Harrington, Dan, Chairman	✓	

TALLY

LaRena Jahn
Secretary

Dan Harrington
Chairman

9

8

MOTION: DO PASS ON AMENDMENT 4 OF THE FIRST SET OF AMENDMENTS.

MOTION CARRIED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989

BILL NO. HB 747

NUMBER 10

NAME	AYE	NAY
Cohen, Ben		✓
Driscoll, Jerry		✓
Elliott, Jim		✓
Ellison, Orval	✓	
Giacometto, Leo		✓
Gilbert, Bob	✓	
Good, Susan	✓	
Hanson, Marian	✓	
Hoffman, Robert		✓
Koehnke, Francis	✓	
O'Keefe, Mark	✓	
Patterson, John	✓	
Raney, Bob		✓
Ream, Bob		✓
Rehberg, Dennis		✓
Schye, Ted		
Stang, Barry "Spook"		✓
Harrington, Dan, Chairman		✓

TALLY

LaShawn Johnson
Secretary

Dan Harrington 7 10
Chairman

MOTION: DO PASS ON AMENDMENT 5 OF THE THIRD SET OF AMENDMENTS.

MOTION FAILED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989 BILL NO. HB 747

NUMBER 11

NAME	AYE	NAY
Cohen, Ben		✓
Driscoll, Jerry		✓
Elliott, Jim		✓
Ellison, Orval		✓
Giacometto, Leo	✓	
Gilbert, Bob		✓
Good, Susan	✓	
Hanson, Marian	✓	
Hoffman, Robert	✓	
Koehnke, Francis	✓	
O'Keefe, Mark		✓
Patterson, John		✓
Raney, Bob		✓
Ream, Bob		✓
Rehberg, Dennis	✓	
Schye, Ted		
Stang, Barry "Spook"	✓	
Harrington, Dan, Chairman		✓

TALLY

John
Secretary

Dan Harrington
Chairman

7 / 10

MOTION: DO PASS ON AMENDMENT 7. FAILED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989 BILL NO. HB 747

NUMBER 12

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry	✓	
Elliott, Jim		✓
Ellison, Orval		✓
Giacometto, Leo		✓
Gilbert, Bob		✓
Good, Susan		✓
Hanson, Marian		✓
Hoffman, Robert		✓
Koehnke, Francis	✓	
O'Keefe, Mark	✓	
Patterson, John	✓	
Raney, Bob	✓	
Ream, Bob		✓
Rehberg, Dennis		✓
Schye, Ted		
Stang, Barry "Spook"	✓	
Harrington, Dan, Chairman	✓	

TALLY

LaDane John
Secretary

8 9
Dan Harrington
Chairman

MOTION: TO CHANGE THE TAX REBATE SCHEDULE ON AMENDMENT 9.

FAILED.

ROLL CALL VOTE

TAXATION


COMMITTEE

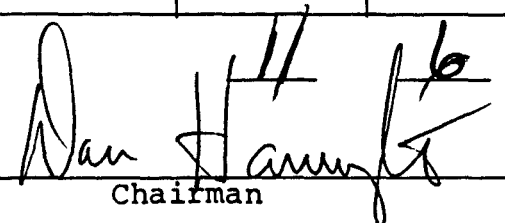
DATE March 20, 1989 BILL NO. HB 747

NUMBER 13

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry	✓	
Elliott, Jim	✓	
Ellison, Orval		✓
Giacometto, Leo		✓
Gilbert, Bob		✓
Good, Susan	✓	
Hanson, Marian		✓
Hoffman, Robert		✓
Koehnke, Francis	✓	
O'Keefe, Mark	✓	
Patterson, John	✓	
Raney, Bob	✓	
Ream, Bob	✓	
Rehberg, Dennis		✓
Schye, Ted		
Stang, Barry "Spook"	✓	
Harrington, Dan, Chairman	✓	

TALLY


Secretary


Chairman

MOTION: DO PASS ON AMENDMENT 9. CARRIED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989 BILL NO. HB 747 NUMBER 14

NAME	AYE	NAY
Cohen, Ben		✓
Driscoll, Jerry		✓
Elliott, Jim		✓
Ellison, Orval	✓	
Giacometto, Leo	✓	
Gilbert, Bob	✓	
Good, Susan	✓	
Hanson, Marian	✓	
Hoffman, Robert	✓	
Koehnke, Francis	✓	
O'Keefe, Mark		✓
Patterson, John	✓	
Raney, Bob	✓	
Ream, Bob		✓
Rehberg, Dennis	✓	
Schye, Ted		
Stang, Barry "Spook"	✓	
Harrington, Dan, Chairman		✓

TALLY

John J. ...
Secretary

Dan Harrington ¹¹ ⁶
Chairman

MOTION: DO PASS ON AMENDMENT 11. CARRIED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 20, 1989

BILL NO. HB 747

NUMBER 15

NAME	AYE	NAY
Cohen, Ben		✓
Driscoll, Jerry		✓
Elliott, Jim		✓
Ellison, Orval		✓
Giacometto, Leo	✓	
Gilbert, Bob	✓	
Good, Susan		✓
Hanson, Marian	✓	
Hoffman, Robert	✓	
Koehnke, Francis		✓
O'Keefe, Mark		✓
Patterson, John		✓
Raney, Bob		✓
Ream, Bob	✓	
Rehberg, Dennis	✓	
Schye, Ted		✓
Stang, Barry "Spook"		✓
Harrington, Dan, Chairman		✓

TALLY

John
Secretary

6 12
Dan Harrington
Chairman

MOTION: DO PASS AS AMENDED. MOTION FAILED. VOTE REVERSED.

DO NOT PASS AS AMENDED.