

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, on Friday, January 6, 1989, at 9:00 a.m.

ROLL CALL

Members Present: Senators Brown, Crippen, Mazurek, Severson, Gage, Harp, Walker, Halligan, Bishop, Eck, Norman, and Hager

Members Excused: none

Members Absent: none

Staff Present: Greg Martin, Legislative Council Researcher, Jill Rohyans, Committee Secretary

Announcements/Discussion: None

HEARING ON SENATE BILL 51

Presentation and Opening Statement by Sponsor: Senator Mazurek, District 23, sponsor, said the bill was requested by the Department of Revenue and reviewed by the Revenue Oversight Committee. It is essentially a clean-up bill which conforms Montana law to federal law. The bill makes two basic changes. The first includes real estate agents and brokers in the definition of information agents. This will make things easier for them as they can submit the same report to the Department of Revenue as they do the Internal Revenue Service.

The second change conforms the date, February 15, by which Montana employers must submit W2 forms to employees and the Department of Revenue, to the federal IRS reporting date of February 28. It would eliminate the risk of a penalty if employers miss the deadline and would simplify the process.

List of Testifying Proponents and What Group they Represent:

Jeff Miller, Department of Revenue

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Jeff Miller said there are 30,000 employers in the state who must file reports each year and the Department does file assess penalties for late filings. He felt conforming the reporting dates would be beneficial to employers and eliminate a nuisance penalty in most cases.

Royalties in excess of ten dollars must be reported on a 1099 form and this change conforms that provision to federal law and includes real estate agents and brokers in the definition of information agents.

He noted a date change had been overlooked on page 7, line 23, and asked the committee to include that amendment in its action on the bill.

Questions From Committee Members: None

Closing by Sponsor: Senator Mazurek closed.

HEARING ON SENATE BILL 52

Presentation and Opening Statement by Sponsor: Senator Crippen, District 45, sponsor, said the bill was introduced at the request of the Department of Revenue and was reviewed by the Revenue Oversight Committee. The bill deals with warrants for distraint. Under current law, inheritance taxes collected by the Department of Revenue are exempted from warrants for distraint in the collection process. This bill changes that by removing the exemption. It does not remove the 18 month grace period. The new language on pages 2 and 3 deals with issuance procedures related to warrants for distraint that apply to the inheritance tax sections of the codes. At present we have a tax lien

procedure, but do not have authority to issue a warrant for distraint. Section 5 extends the authority, Section 6 makes it retroactive to tax years beginning after December 31, 1988, with an effective date upon passage and approval. In the fiscal note presented to the Revenue Oversight Committee, as of October 1 there were over \$5.5 million owing in inheritance taxes. It is estimated that revenue would be increased by reducing the administrative procedures now used to collect these taxes.

List of Testifying Proponents and What Group they Represent:

Jeff Miller, Department of Revenue

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Jeff Miller expressed support for the bill. Presently, the state has the authority to file a lien against an estate for collection of inheritance taxes but not to pursue a warrant for distraint. Therefore, the lien has the effect of being registered against the estate on which the taxes are owing but it is not specific and in order to take action on the lien it becomes necessary to go through a very formal judicial process in order to foreclose on a particular piece of property. The collectors would be able to use administrative remedies to collect delinquent inheritance taxes with the warrant for distraint provision in place. He also noted the 18 month grace period is not affected. The warrant for distraint would follow the grace period by 60 days. The bill provides more of an incentive for heirs and personal representatives to file more promptly and an enhanced method of collecting for the Department.

Questions From Committee Members: Senator Norman asked if there was a provision for an emergency procedure in case property is being sold illegally.

Senator Crippen explained there is a 30 day notice requirement when filing a warrant for distraint. However, Sec. 15-1-707, MCA does provide an emergency provision for a warrant for distraint without notice.

Closing by Sponsor: Senator Crippen closed by noting the warrant for distraint will follow both the property and the personal representative. They are both liable for payment according to the Department of Revenue.

DISPOSITION OF SENATE BILL 52

Discussion: NONE

Amendments and Votes: NONE

Recommendation and Vote: Senator Crippen moved SB 52 DO PASS. The motion CARRIED unanimously with Senator Gage absent.

DISPOSITION OF SENATE BILL 51

Discussion: NONE

Amendments and Votes: Senator Mazurek moved the bill be amended on page 7, line 23, by striking "15" following "February" and inserting "28". This is the amendment that had been inadvertently overlooked. The motion CARRIED unanimously (Senator Gage having arrived at the committee meeting).

Recommendation and Vote: Senator Mazurek moved SB 51 DO PASS AS AMENDED. The motion CARRIED unanimously.

DISPOSITION OF SENATE BILL 17

Amendments and Votes: Senator Gage moved to amend the bill as per the attached Exhibit #1 (page 5, line 5). It was especially noted that the intention of the committee is to require registration on the first day of the renewal period with the registration expiring on the last day. The public would not be able to renew early in order to take advantage of the lower rate. Senator Gage's motion CARRIED unanimously.

Senator Walker proposed an amendment (Exhibit #2) which would address the problem of "the old fishing rig" worth \$400 being assessed at \$4000. Although older restored classic cars would be assessed at a rate lower rate than the restoration might indicate, the committee felt the main objective of segregating the old model cars from the expensive exotics had been accomplished by the amendment. Senator Mazurek noted, however, that all personal and real property that is taxed is taxed at market value, not some at market value and some at nominal value.

Gordon Morris, in response to a question raised by the committee, said the bill would affect approximately 1000 vehicles to his best knowledge. Approximately 500-700 of those would fall into the restored classic category.

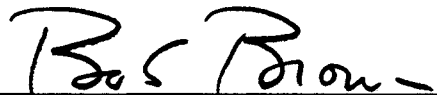
Senator Walker moved the amendment (Exhibit #2) and the motion CARRIED unanimously.

Senator Crippen moved to amend the bill with an effective and applicability date of January 1, 1989. He pointed out doing so would necessitate drafting a new section for the refund procedure. The motion FAILED with only Senator Crippen and Senator Severson voting yes.

Recommendation and Vote: Senator Mazurek moved SB 17 DO PASS AS AMENDED. The motion CARRIED unanimously.

## ADJOURNMENT

Adjournment At: 10:00 a.m.



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SENATOR BOB BROWN, Chairman

BB/JDR

SENMIN.106

ROLL CALL

TAXATION

COMMITTEE

~~51st~~ LEGISLATIVE SESSION -- 1989

Date 1/6/88

| NAME             | PRESENT | ABSENT | EXCUSED |
|------------------|---------|--------|---------|
| SENATOR BROWN    | X       |        |         |
| SENATOR BISHOP   | X       |        |         |
| SENATOR CRIPPEN  | X       |        |         |
| SENATOR ECK      | X       |        |         |
| SENATOR GAGE     | X       |        |         |
| SENATOR HAGER    | X       |        |         |
| SENATOR HALLIGAN | X       |        |         |
| SENATOR HARP     | X       |        |         |
| SENATOR MAZUREK  | X       |        |         |
| SENATOR NORMAN   | X       |        |         |
| SENATOR SEVERSON | X       |        |         |
| SENATOR WALKER   | X       |        |         |
|                  |         |        |         |
|                  |         |        |         |
|                  |         |        |         |

Each day attach to minutes.

STANDING COMMITTEE REPORT

January 6, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 51 (first reading copy -- white), respectfully report that SB 51 do pass and be amended as follows:

1. Page 7, line 23.  
Following: "February"  
Strike: "15"  
Insert: "28"

DO PASS

Signed: Bob Brown  
Bob Brown, Chairman

SHB  
1/6  
1:15 PM

STANDING COMMITTEE REPORT

January 6, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 52 (first reading copy - white), respectfully report that SB 52 do pass.

DO PASS

Signed: \_\_\_\_\_

*Bob Brown*  
Bob Brown, Chairman

*JMB  
1/6  
1989*



STANDING COMMITTEE REPORT

January 6, 1993

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 17 (first reading copy - white), respectfully report that SB 17 do pass and be amended as follows:

1. Title, line 4.

Following: "ACT"

Strike: "DELETING"

Insert: "REVISING"

2. Page 2, line 15.

Following: ";

Strike: "or"

Insert: ","

3. Page 2, line 19.

Following: "~~Interest~~."

Insert: "or, for vehicles that were never listed in any edition of the preceding guides, the low value listed in The Value Guide to Cars of Particular Interest,"

4. Page 5, line 5.

Following: "vehicles"

Insert: "that are required to be"

DO PASS

Signed: .....

*Bob Brown*  
Bob Brown, Chairman

*SMF  
1/6  
1:15 PM*

SENATE TAXATION

EXHIBIT NO. 1

DATE 1/6/89

BILL NO. SB 17

Amendments to Senate Bill No. 17  
First Reading Copy

Requested by Senator Gage  
For the Committee on Taxation

Prepared by Greg Petesch  
January 5, 1989

1. Page 5, line 5.  
Following: "vehicles"  
Insert: "that are required to be"

Amendments to Senate Bill No. 17  
First Reading Copy

Requested by Senator Walker  
For the Committee on Taxation

Prepared by Greg Petesch  
January 5, 1989

SENATE TAXATION

EXHIBIT NO. 2

DATE 1/6/89

BILL NO. SB 17

1. Title, line 4.

Following: "ACT"

Strike: "DELETING"

Insert: "REVISING"

2. Page 2, line 15.

Following: "r"

Strike: "or"

Insert: ", "

3. Page 2, line 19.

Following: "~~Interest,~~"

Insert: "or, for vehicles that were never listed in the preceding  
guides, the low value listed in The Value Guide to Cars of  
Particular Interest,"

*any edition of the preceding - per - mg*



WITNESS STATEMENT

NAME: John Miller DATE: 1-6-88

ADDRESS: Mitchell Bldg

PHONE: 2837

REPRESENTING WHOM? Dept. of Revenue

APPEARING ON WHICH PROPOSAL: S.B. 52

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: improve administrative collection opportunities

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

ROLL CALL VOTE

SENATE COMMITTEE TAXATION

Date 1/6/89 SB Bill No. 17 Time 9:50am

| NAME             | YES | NO |
|------------------|-----|----|
| SENATOR BROWN    |     | X  |
| SENATOR BISHOP   |     | X  |
| SENATOR CRIPPEN  | X   |    |
| SENATOR ECK      |     | X  |
| SENATOR GAGE     |     | X  |
| SENATOR HAGER    |     | X  |
| SENATOR HALLIGAN |     | X  |
| SENATOR HARP     |     | X  |
| SENATOR MAZUREK  |     | X  |
| SENATOR NORMAN   |     | X  |
| SENATOR SEVERSON | X   |    |
| SENATOR WALKER   |     | X  |
|                  | 2   | 10 |

Bill Crispian  
Secretary

SENATOR BOB BROWN  
Chairman

Motion: by Senator Crispian to amend  
page 5, line 5, to January 1  
failed