

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Bob Brown, on Saturday, March 11, 1989, at 7:00 a.m.

ROLL CALL

Members Present: Senator Brown, Senator Hager, Senator Norman, Senator Eck, Senator Bishop, Senator Halligan, Senator Walker, Senator Gage, Senator Severson, Senator Mazurek

Members Excused: Senator Crippen, Senator Harp

Members Absent: None

Staff Present: Jeff Martin, Legislative Council Staff
Jill Rohyans, Committee Secretary

Announcements/Discussion: None

DISPOSITION OF SENATE BILL 461

Discussion: None

Amendments and Votes: Senator Gage moved to amend the bill on page 3, lines 6 and 8, by striking "before" and "or" (see attached standing committee report Exhibit #1). The motion CARRIED unanimously.

Recommendation and Vote: Senator Walker moved SB 461 Do Pass As Amended. The motion CARRIED unanimously.

DISPOSITION OF SENATE BILL 392

Discussion: Senator Gage felt there would be some problems prorating after 180 days in this bill in light of the passage of SB 461 where we only prorate on the front end. He suggested totally exempting movie equipment from the bill.

Senator Eck felt the committee should be very careful not to work against local Montana movie producers.

Senator Norman suggested leaving the bill as written and adding a 2 year sunset provision. He expressed some uneasiness at exempting one specific out-of-state industry for preferential tax treatment.

Senator Eck asked the committee to consider a flat fee as opposed to an ad valorem.

Senator Gage pointed out that under the provisions of page 3, subsection 2, a company could come in to the state 179 days before the end of the year and stay 179 days after the beginning of the new year and pay nothing in taxes.

Senator Mazurek felt the companies should pay for a year if they are going to be here for more than six months. He expressed concern about provision for both front end and back end proration in the bill.

Amendments and Votes: Senator Mazurek moved to amend the bill by striking subsection 2, page 3, in its entirety. The effect of the motion would be that the companies would start paying taxes after six months. The motion CARRIED unanimously.

Senator Halligan moved to amend the bill on page 10 by adding a new section which would sunset the bill December 31, 1993. The motion CARRIED unanimously.

Recommendation and Vote: Senator Halligan moved SB 392 Do Pass As Amended. The motion CARRIED with Senator Bishop voting no.

DISPOSITION OF SENATE BILL 423

Amendments and Votes: Senator Eck moved to amend page 5, line 13, by inserting "per annum" following 20%. Senator Gage asked if someone were 366 days late would he be assessed a 40% penalty. Jeff Miller said that would not be the case as the penalty is calculated as interest. There being no further discussion, the motion CARRIED unanimously.

Senator Brown read a proposed Statement of Intent from Steve Bender (see attached standing committee report #2) . Senator Eck moved to adopt the Statement of Intent. The motion CARRIED unanimously.

Senator Norman asked how close the quarterly report must be to the federal liability before the penalty comes into play.

Jeff Miller replied there are two ways to avoid paying the penalty: first, paying what was paid the previous year, and second, paying 80% of your current liability. Penalties are not assessed until year end. If there was an underpayment at any time, the interest is applied to the amount of the underpayment for the period of the underpayment. This is a corporate tax provision with a \$5000 threshold. If the ultimate liability is under \$5000 for the year, there is no obligation and no penalty.

Recommendation and Vote: Senator Gage moved SB 423 DO PASS AS AMENDED. The motion CARRIED unanimously.

DISPOSITION OF SENATE BILL 424

Discussion: Jeff Miller, Department of Revenue discussed the bill in review for the benefit of Senator Halligan who was not at the hearing.

Senator Walker asked what income level would be necessary to hit the \$400 level.

Jeff Miller replied if an average 6% tax rate is used, the level of income not subject to withholding would be in the \$6000-\$7000 range.

Senator Gage asked about the determination of penalty provision for those people who file separately in 1989 and file jointly in 1990. Will their taxes be combined for previous years to determine whether they are within the 100%?

Mr. Miller said the idea is to make the transition as smooth as possible and the determinations as easy as possible. The first year transition provision should help and the 25% underpayment should help. It is not the intent of the DOR to maximize their ability to penalize.

Senator Brown felt there needed to be more work done on the bill and amendments than there was time for in the current meeting. He asked the committee to consider the bill again Monday and take action at that time.

DISPOSITION OF SENATE BILL 445

Discussion: Senator Mazurek said he would not object to dropping the OB provision and making the bill reflect a general availability for medicaid services.

Senator Eck felt there was strong support for the OB provision. There is obviously going to be an increase in the OB load that provision is quite appropriate.

Senator Gage asked if the whole amount is not used for OB services what becomes of the extra funds.

Senator Walker expressed concern about taxing one industry all the time to fund these programs.

Senator Gage suggested amendments which would use the funds first for obstetrical services and then, secondly, for other medicaid services.

Amendments and Votes: Senator Mazurek moved to amend the bill as per amendments 1, 3, 5, and 6 on the attached standing committee report (Exhibit #3). The motion CARRIED unanimously.

Senator Halligan moved to amend the bill as per amendments 2 and 4 on the attached standing committee report (Exhibit #3). The motion CARRIED with Senator Hager voting no.

Recommendation and Vote: Senator Mazurek moved SB 445 DO PASS AS AMENDED. The motion CARRIED on a roll call vote (Exhibit #4).

ADJOURNMENT

Adjournment At: 8:00 a.m.

Bob Brown

SENATOR BOB BROWN, Chairman

BB/JDR

Taxmin.311

ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 3/11/89

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.

SENATE STANDING COMMITTEE REPORT

March 13, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 392 (first reading copy -- white), respectfully report that SB 392 be amended and as so amended do pass:

1. Title, line 8.

Following: "DATE"

Strike: "AND"

Insert: ",",

2. Title, line 9.

Following: "DATE"

Insert: ", AND A TERMINATION DATE"

3. Page 2, lines 2 and 3.

Strike: line 2 in its entirety through "that" on line 3

4. Page 2, lines 3 and 4

Strike: "sited" on line 3 through "year" on line 4

Insert: "subject to property taxation in the same manner as other property"

5. Page 3, line 6.

Strike: "(1)"

6. Page 3, lines 12 through 20.

Strike: subsection (2) in its entirety

7. Page 10.

Following: line 16

Insert: "NEW SECTION. Section 11. Termination. [This act] terminates December 31, 1994."

AND AS AMENDED DO PASS

Signed: _____

Bob Green, Chairman

Statement of Intent adopted.

11.89
11.21.89
11.01.89
11.11.89

SENATE TAXATION

EXHIBIT NO. 1

DATE 3/11/89

SENATE STANDING COMMITTEE REPORT BILL NO. SS 461

March 13, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 461 (first reading copy - white), respectfully report that SB 461 be amended and as so amended do pass:

1. Page 3, line 6.

Strike: "before"

2. Page 3, line 8.

Strike: "or"

AND AS AMENDED DO PASS

Signed: Bob Brown
Bob Brown, Chairman

J.C. [unclear]
[unclear]
[unclear]

SENATE STANDING COMMITTEE REPORT

March 13, 1959

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 423 (first reading copy -- white), respectfully report that SB 423 be amended and as so amended do pass:

1. Page 1.

Following: line 10

Insert: "

STATEMENT OF INTENT

A statement of intent is not technically required for this bill because rulemaking authority to enforce the provisions of this bill is expanded in 15-31-501. However, in adopting this bill, the legislature intends that any rules promulgated by the department of revenue should conform as closely as possible with similar rules used by the internal revenue service for its enforcement of the quarterly payment of estimated taxes by corporations. Accordingly, the rules should, at a minimum, provide for the following:

- (1) the determination of which corporations are required to pay estimated income taxes;
- (2) installment schedules for the payment of estimated taxes;
- (3) the requirements for the payment of estimated taxes for short-period returns;
- (4) procedures for the payment of estimated taxes in advance;
- (5) procedures for the recomputation of estimated taxes;
- (6) the payment of penalties and interest for failure to pay the estimated taxes when due;
- (7) information that is required on the estimated tax returns and on other forms that may be required by the department;
- (8) the definition of terms and establishment of precedents for an appropriate use of the official administration of [the act]."

2. Page 5, line 13.

Following: "202"

Insert: "per annum"

AND AS AMENDED DO PASS:

Signed: _____


 Bob Brown, Chairman

Statement of Intent adopted.

SENATE STANDING COMMITTEE REPORT

March 13, 1980

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 445 (first reading copy - white), respectfully report that SB 445 be amended and as so amended do pass:

1. Title, line 8.

Strike: "OBSTETRICAL"

2. Title, line 9.

Strike: "FURNISHED BY PHYSICIANS"

3. Page 2, line 12.

Strike: "obstetrical"

4. Page 2, line 13.

Strike: "furnished by physicians"

5. Page 4, line 4.

Strike: "obstetrical"

6. Page 4, line 5.

Strike: "furnished by physicians"

AND AS AMENDED DO PASS

Signed: Bob Brown

Bob Brown, Chairman

4/10/81
 2/11/81
 2/11/81

SENATE TAXATION

ROLL CALL VOTE

EXHIBIT NO. 4

3/11/89

SB 445

SENATE COMMITTEE TAXATION

Date 3/11/89 SB Bill No. 445 Time 7:56 AM

NAME	YES	NO
SENATOR BROWN	X	
SENATOR BISHOP		X
SENATOR CRIPPEN		
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

Bill Johnson
Secretary

SENATOR BOB BROWN
Chairman

Motion: by Senator Mazurek that
SB 445 do pass be recorded

