

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON TAXATION**

**Call to Order:** By Chairman Dan Harrington, on January 8, 1991,  
at 10:35 a.m.

#### **ROLL CALL**

**Members Present:** All present

Dan Harrington, Chairman (D)  
Bob Ream, Vice Chairman (D)  
Ben Cohen, Vice Chairman (D)  
Ed Dolezal (D)  
Jim Elliott (D)  
Orval Ellison (R)  
Russell Fagg (R)  
Mike Foster (R)  
Bob Gilbert (R)  
Marian Hanson (R)  
David Hoffman (R)  
Jim Madison (D)  
Ed McCaffree (D)  
Bea McCarthy (D)  
Tom Nelson (R)  
Mark O'Keefe (D)  
Bob Raney (D)  
Ted Schye (D)  
Barry "Spook" Stang (D)  
Fred Thomas (R)  
Dave Wanzenried (D)

**Staff Present:**

Lee Heiman, attorney  
Mona Spaulding, secretary

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

#### **Announcements/Discussion:**

**CHAIRMAN DAN HARRINGTON** requested introduction of members and  
made the following announcements:

The taxation committee will meet Tuesday through Friday, but  
not on Monday until necessary.

There are currently no bills scheduled for hearing.

The taxation committee will function this session with two subcommittees: Property Tax - **REPRESENTATIVE BEN COHEN**, Vice Chairman; Income and Natural Resource Tax - **REPRESENTATIVE BOB REAM**, Vice Chairman. Ten people will serve on each committee; **CHAIRMAN HARRINGTON** will float between the two committees. All hearings will be in main committee. Bills that increase or reduce taxes will go into subcommittee, returning to main committee for executive action.

**CHAIRMAN HARRINGTON** asked for comment from the subcommittee chairmen.

**REP. COHEN** stated that during the last special session, as a result of changes to the property tax structure, statewide taxable values were eroded by 20%; the state was left with a block-grant program which was to have made up the difference. Consequently, there is concern about further erosion of the property tax base. As proposals come up, it is his hope that everything possible will be done to preserve the property tax base. Home ownership has long been a widely held value in this country. Care needs to be taken that Montanans don't find themselves in a position where they are taxed out of their homes. **REP. COHEN** favors review of the property tax schedule, in a bipartisan way, working to create fewer classes than seventeen.

**REP. REAM** stated that the Taxation Committee deals with as much or more money as the Appropriations Committee. In his five terms, bills have been handled on a piecemeal basis; the committee has come increasingly under criticism from the revenue standpoint. The subcommittee structure provides a mechanism to focus attention in the areas of property and other types of taxes, particularly natural resource taxes; he views them as working sessions. All committee members will serve on one of the subcommittees. Member preference is requested; but subcommittee assignment decisions will be made dividing freshmen, as well as the Democrats and Republicans, between the subcommittees.

**CHAIRMAN HARRINGTON** asked that the form requesting subcommittee preference be passed out; and that committee members complete it, making note of special skills and talents, and indicating reason(s) for preference.

**CHAIRMAN HARRINGTON** stated that opinions are to be expressed in executive session. He requested that during regular hearings, in the interest of time, that opinions not be expressed.

**CHAIRMAN HARRINGTON** called for general questions or comments.

**REPRESENTATIVE ORVAL ELLISON** asked if subcommittee meetings would be held during regularly scheduled meeting times. **CHAIRMAN HARRINGTON** said that subcommittee meetings will be scheduled to not conflict with afternoon committees. Some might be from 8:00

to 10:00 a.m., with hearings beginning at 10:00. If there are no caucuses, they may be held at 11:00.

**REPRESENTATIVE BOB RANEY** requested that hearing notices include the short title of the bill, and make note when the bill will be in executive session. For the general public, it would be a service if executive session was noted on the board together with the list of bills presented for the day. **CHAIRMAN HARRINGTON** agreed that the bills should be listed on the board. It was stated that he did not want the committee restricted from bringing to executive session any bill which had previously been heard. The procedure will be to make note of bills to be in executive session; but, if time does not permit, those bills may not be considered. **REP. RANEY** responded he understood that expediency might necessitate otherwise when the work load becomes critical, but requested his recommended procedures be followed for the next thirty-five days at least. He requested that the bill's sponsor be notified when executive session was scheduled on their bill. **CHAIRMAN HARRINGTON** responded that until the point in the session where it becomes necessary to expedite bills, he will try to comply. He stated that some bills will not go to subcommittee; housekeeping bills will be received from the revenue department. Executive session will not be held on the same day the bill is heard unless the bill seems not to have problems. Questions soliciting important information will be permitted in executive session if there is no opposition; this has been past practice. **Lee Heiman**, of the Legislative Council, will be present to help determine appropriate procedure.

**REP. COHEN** distributed copies of the Biennial Report of the Montana Department of Revenue, **EXHIBIT 1**, and the Tax Expenditure Report for the state of Montana, **EXHIBIT 2**. The first sixty pages constitute a review of the state tax system. Page 119 constitutes a summary of statewide market values and taxable values. The substantial drop in statewide taxable values from 1989 to 1990 was noted. Any questions you have can be referred to **David Bohyer**, Legislative Council.

**CHAIRMAN HARRINGTON** announced that hearings will be held in joint session Wednesday and Thursday at 8:30 a.m. in room 325, the old Supreme Court chamber. The agenda will be set by the department of revenue: Income tax will be heard Wednesday, property tax heard Thursday. Questions will be entertained during the session.

**CHAIRMAN HARRINGTON** made general announcements:

Any papers committee members want to keep should be placed inside notebooks and left on the table. Anything left outside notebooks will be discarded.


Each member is requested to contribute \$3.00 for a beverage fund. Give to the secretary, Room 313, or to the Chairman.

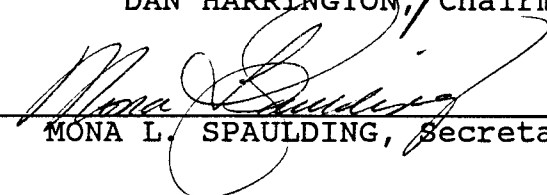
There will be no smoking in the meeting room.

REP. RANEY requested that three-ring binders not be used, but that each bill be placed in a manilla folder. Bill folders will be placed in accordion envelopes. It will be up to each committee member to maintain the accordion envelope. Material not placed in manilla folders will be discarded. Envelopes left in room 437 following hearings will be placed on a window sill. CHAIRMAN HARRINGTON stated that he would confer with the secretary and make a determination as to what filing system will be used in the committee.

ADJOURNMENT

Adjournment: 11:02 a.m.

  
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DAN HARRINGTON, Chairman

  
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MONA L. SPAULDING, Secretary

DH/mls

# HOUSE OF REPRESENTATIVES

## TAXATION COMMITTEE

ROLL CALL

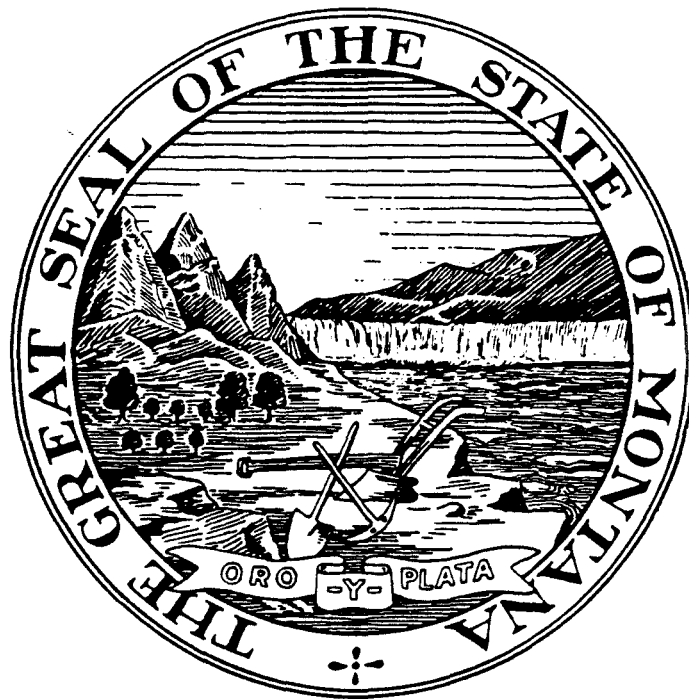
DATE 1/8/91

| NAME                          | PRESENT | ABSENT | EXCUSED |
|-------------------------------|---------|--------|---------|
| REP. DAN HARRINGTON, CHAIRMAN | ✓       |        |         |
| REP. BOB REAM, VICE-CHAIRMAN  | ✓       |        |         |
| REP. BEN COHEN, VICE-CHAIRMAN | ✓       |        |         |
| REP. ED DOLEZAL               | ✓       |        |         |
| REP. JIM ELLIOTT              | ✓       |        |         |
| REP. ORVAL ELLISON            | ✓       | X      |         |
| REP. RUSSELL FAGG             | ✓       |        |         |
| REP. MIKE FOSTER              | ✓       |        |         |
| REP. BOB GILBERT              | ✓       |        |         |
| REP. MARIAN HANSON            | ✓       |        |         |
| REP. DAVID HOFFMAN            | ✓       |        |         |
| REP. JIM MADISON              | ✓       |        |         |
| REP. ED MCCAFFREE             | ✓       |        |         |
| REP. BEA MCCARTHY             | ✓       |        |         |
| REP. TOM NELSON               | ✓       |        |         |
| REP. MARK O'KEEFE             | ✓       | X      |         |
| REP. BOB RANEY                | ✓       | X      |         |
| REP. TED SCHYE                | ✓       |        |         |
| REP. BARRY "SPOOK" STANG      | ✓       |        |         |
| REP. FRED THOMAS              | ✓       |        |         |
| REP. DAVE WANZENRIED          | ✓       |        |         |
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House Taxation

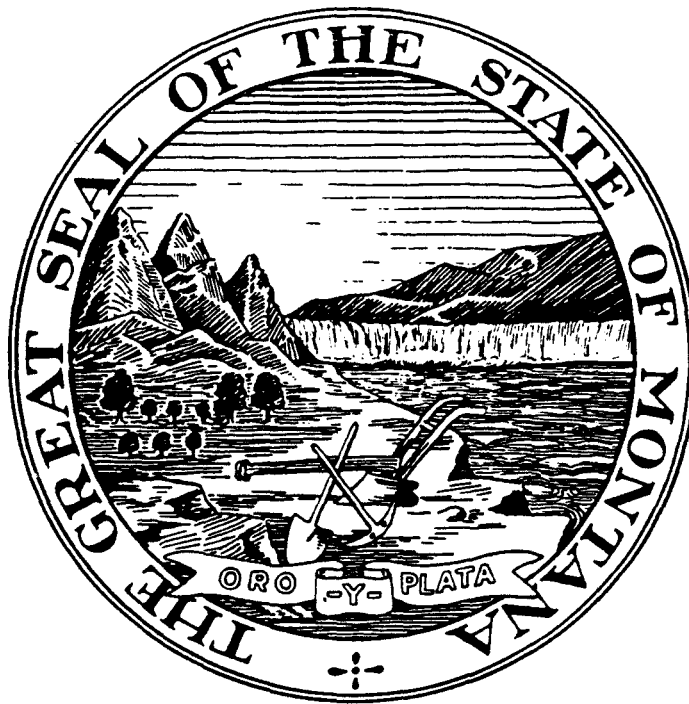
EXHIBIT 1  
DATE 1/8/91  
HB Informational  
Hearing

# BIENNIAL REPORT OF THE MONTANA DEPARTMENT OF REVENUE



1988 - 1990

# TAX EXPENDITURE REPORT FOR THE STATE OF MONTANA



## FISCAL YEARS 1992 AND 1993

MONTANA DEPARTMENT OF REVENUE

## VISITORS' REGISTER

House Taxation COMMITTEE

BILL NO. \_\_\_\_\_

DATE January 8, 1991

SPONSOR \_\_\_\_\_

| NAME (please print)    | RESIDENCE                                | SUPPORT | OPPOSE |
|------------------------|--|---------|--------|
| <i>Dave Bohyer</i>     | <i>Legislative Council</i>               |         |        |
| <i>Candice Clifton</i> | <i>Senate Maj. Leader's Leg. Assist.</i> |         |        |
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.