

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON INCOME/SEVERANCE TAX

Call to Order: By BOB REAM, CHAIR, on March 22, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Rep. Dan Harrington, Chairman (D)
Rep. Bob Ream, Vice-Chairman (D)
Rep. Jim Elliott (D)
Rep. Mike Foster (R)
Rep. Bob Gilbert (R)
Rep. Marian Hanson (R)
Rep. Jim Madison (D)
Rep. Bea McCarthy (D)
Rep. Tom Nelson (R)
Rep. Bob Raney (D)
Rep. Barry Stang (D)

Members Absent: None

Staff Present: Lee Heiman, Legislative Council
Lois O'Connor, Committee Secretary

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

Announcements: REP. REAM said the hearing on HB 764 will be delayed.

Subcommittee Discussion on HB 796

REP. BECK stated that HB 796 would be a checkoff on your taxes and good for the senior citizens. He asked that Gene Brown speak on the bill.

Informational Testimony:

Gene Brown, American Association of Retired Persons, said HB 796 does not involve any money from the General Fund. It gives the people permission to check off a contribution of their choice to support the Senior Citizen's Legacy Legislature. It is paid for by itself and would be a checkoff on your tax form.

Questions/Discussion for Committee:

REP. ELLIOTT said he was a fan of the Legacy Legislature. He asked Gene Brown if they did a mailing or put out a bulletin to inform people of Legacy Legislature. Mr. Brown said they do not have finances except those that are donated by the seniors themselves. It is all voluntary. There is a small bulletin that they do send out. REP. ELLIOTT said he had two objections to the bill: (1) It will cost the state \$20,000, which it does not have, in the first year, and (2) There is a declining response in the income tax return checkoffs. He asked if there was any other way that they could get the word out about the Legacy Legislature. Mr. Brown said there is a checkoff in the application for AARP. There has been response but not much money was sent in.

REP. ELLIOTT asked Bob Turner, Department of Revenue, about the response to the checkoffs. Mr. Turner said the DOR is not against the Legacy checkoff, but that it is not an efficient way to raise funds. It will cost the Department \$22,000 the first year in programming costs to put the checkoff on people's forms. There is also an on going cost of \$2,900 to keep the checkoff on the forms. The DOR has, at present, four checkoffs on the return. These checkoffs have declined in use. Last year, 6,934 people, using all four checkoffs, brought in a total contributions of \$51,441. Less than 2% of the population used the checkoff program. HB 796 gives the DOR 15% of the proceeds, but it does not give them spending authority. It comes out of the money that is budgeted to us. The money that is spent is not recouped for two years. REP. REAM said as each of the new checkoffs is added the overall money doesn't increase but its spread out among the checkoffs.

REP. GILBERT said the state shouldn't be in the business of raising money for private entities. It will cost the state money to try and collect the money, and it will put the state in a losing proposition.

Gene Brown, stated there would be alot of participation on this program. It would involve all 100,000 senior citizens throughout the state. REP. NELSON asked Mr. Brown how he proposed to promote the program. Mr. Brown said the Legacy had funds as far as the AARP is concerned nationally and locally to promote advertising. REP. MCCARTHY said if they collected their own money, the Legacy would be able to keep the whole works. Mr. Brown said they have attempted to do that in the past.

REP. NELSON asked if the people who attend the Legacy Legislature are all AARP members. Mr. Brown said members are elected by their local senior citizen centers, AARP, or any senior group. We do have young members on the Legacy Legislature who are interested in seniors.

Subcommittee Discussion on HB 614

REP. REAM said there was no fiscal note attached to HB 614.

Don Tarleton, Department of Revenue, offered an amendment to HB 614. On Page 4, Line 19, after effective, insert "and applicability". On Page 4, Line 22, after "approval", insert a Subsection 3, " the tax increase provided in Section 1 applies to cigarettes possessed by cigarette wholesalers on or after July 1, 1991".

REP. REAM said HB 614 would increase the cost of a pack of cigarettes by three cents. There should be a fiscal note attached.

Motion/Vote: REP. STANG RECOMMENDED THAT HB 614 BE TABLED.
Motion carried unanimously.

Subcommittee Discussion on HB 790

REP. MESSMORE, Sponsor of HB 790, explained HB 790 and provided an amendment. She stated the bill was an extension on HB 166 which was introduced in the 1989 Legislature. It would revise the Montana individual income tax credit for elderly family members, lower the qualifying age limit to 65, and delete the physical requirement for affliction with Alzheimer's disease and substitute that the individual must be determined disabled for social security purposes.

Discussion/Questions from Committee:

REP. NELSON asked REP. MESSMORE if he fell below the income level of \$30,000, and he was providing health care to his elderly mother, would he be eligible for the credit. REP. MESSMORE said yes.

REP. ELLIOTT asked if on Page 2, Line 4, "as termed to be disabled by the Social Security Administration", would it indicate that they would be on social security disability; and is that social security disability included in the family income of \$1,500. Russ Cater, Social and Rehabilitation Services, said yes. The social security income would be included. Bob Frazier, Governor's Health Care Committee, said the qualifications are \$15,000 and \$30,000, as amended in HB 790, pertain to the person that is eligible. Last year there were 34 returns which claimed \$25,568. REP. STANG asked if there was a loophole in the bill which would make it possible for people to abuse the system. REP. MESSMORE said Page 2, Lines 24 and 25 addresses the problem. It states "provided by an organization or individual not related to the taxpayer of the qualifying family member.

REP. NELSON said Page 2, Lines 4 and 5, states "a person who is diagnosed by a physician as having senile dementia of the Alzheimer type", is very limiting. He can see why she wanted to change that language, but changing it to "be disabled by the social security administration" won't work if a person is disabled after the age 65. Russ Cater said the way it is worded on Line 2, Page 2, "says 65 years of age or determined by social security".

REP. GILBERT said on Page 2, Line 6 and 7, if a single person had a gross income of \$15,000 and a married person had \$30,000 regardless of the income source, and asked if it was it REP. MESSMORE'S intent to be the total of all income. REP. REAM said the average Montanan gets \$7,000 in social security income and asked if that amount was on top of the \$15,000 and \$30,000. Bob Turner said that is the way it is interpreted. A person could collect \$7,000 plus the \$30,000. REP. GILBERT said REP. MESSMORE'S intent was \$30,000 regardless of income and asked if an amendment could be made which would refer to total income or gross income.

Motion: REP. STANG RECOMMENDED THAT HB 790 DO PASS.

Motion//Vote: REP. STANG moved the amendment presented by REP. MESSMORE. Motion carried unanimously. EXHIBIT 1

Motion/Vote: REP. STANG moved to further amend HB 790 by striking "adjusted" and inserting "gross income including all non-taxable income", as presented by REP. GILBERT. Motion carried unanimously.

Motion/Vote: REP. STANG RECOMMENDED A SUBSTITUTE MOTION THAT HB 790 DO PASS AS AMENDED. Motion carried unanimously.

Subcommittee Disposition on HB 796

Motion/Vote: REP. GILBERT RECOMMENDED THAT HB 796 BE TABLED. Motion carried 9 to 1 with REP. MADISON voting no.

ADJOURNMENT

Adjournment: 9:00 a.m.



BOB REAM, Chair



LOIS O'CONNOR, Secretary

BR/lo

1
DATE 3-22-90
HB 790

Amendment to House Bill # 790
(RE: Revising Tax Credit for Elderly, et al.)
Introduced Copy

1. Page 2, line 16
Following: "~~services~~"
Insert: "home health agency services,"

Rationale: Services provided by home health agencies were inadvertently removed by the proposed legislation from the list of services and care that constitute elderly care expenses for which income tax credits would be available. The proposed amendment would reinsert home health agency services into the list.