MINUTES

MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, on February 11, 1993, at 8:04 a.m.

ROLL CALL

Members Present:
Sen. Mike Halligan, Chair (D)
Sen. Dorothy Eck, Vice Chair (D)
Sen. Bob Brown (R)
Sen. Steve Doherty (D)
Sen. Delwyn Gage (R)
Sen. Lorents Grosfield (R)
Sen. John Harp (R)
Sen. Spook Stang (D)
Sen. Tom Towe (D)
Sen. Fred Van Valkenburg (D)
Sen. Bill Yellowtail (D)

Members Excused: None.

Members Absent: None.

Staff Present: Jeff Martin, Legislative Council
Bonnie Stark, Committee Secretary

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

Committee Business Summary:
Hearing: SB 289, SB 299
Executive Action: SB 148, SB 245, SB 247, SB 269
Discussion: SB 191

HEARING ON SB 289

Opening Statement by Sponsor:

Senator Bruce Crippen, Senate District 45, presented SB 289 which is brought at the request of Governor Racicot. SB 289 is a bill to amend Article VIII of the Montana Constitution to limit to 4% the rate of a general sales tax or use tax, and calls for a vote of the public. Senator Crippen said SB 289 will be an assurance to people that if a sales tax is made law, they have maximum protection that it will not exceed 4%, and the only way a sales tax could exceed 4% would be to change the Constitution.

Informational Testimony:

Mick Robinson, Director of the Montana Department of Revenue, said SB 289 is a bill requested by the Governor, and the administration does support a constitutional cap on any future sales tax the state might have. The Governor has said that the sales tax should go before the people for approval, and believes the cap should also be approved by the people.

Proponents' Testimony:

Dennis Burr, Montana Taxpayers Association, spoke in favor of SB 289, saying some of the complaints he has heard about a sales tax is that the rates can creep up over time. Mr. Burr doesn't believe the public would support a sales tax if they didn't have an assurance that the rate would not increase.

Charles Brooks, representing Montana Retail Association (MRA), spoke in favor of SB 289. Mr. Brooks said the MRA has been a great promoter and proponent of an over-all reform of Montana's tax system. Mr. Brooks hears comments often about a distrust of the taxation process, and believes that if the state is going to enact a sales tax, the citizens want some input by voting. SB 289 will give some assurance to the citizens and will dispel some of their distrust through knowledge and education that would be provided with an election.

David Owen, employed by and representing the Montana Chamber of Commerce, appeared in support of SB 289, saying he believes the voters are looking for control like this and they will appreciate a limitation to a sales tax.

Riley Johnson, representing the National Federation of Independent Businesses, said a poll of their members was taken and 87% returned their ballots saying they want a constitutional amendment that will guarantee some type of cap on a sales tax.

Opponents' Testimony:

Eric Feaver, representing the Montana Education Association (MEA), said he is not an opponent of SB 289 entirely; the MEA thinks it is good to advertise that if there is a sales tax in the state, it will be limited by the Constitution. The MEA does oppose the limitation in the sense that it is absolute and would require an amendment to the Constitution to increase the tax, and they feel that is inappropriate. Mr. Feaver suggested an amendment to line 17, page 1, to SB 289, to add "without a vote of the people" after "4%".

<u>Questions From Committee Members and Responses</u>:

Senator Halligan asked Senator Crippen about the tax policy involved in placing this issue in the Constitution. Senator Crippen said this is restrictive language and will give the people an assurance on the 4% rate; it doesn't give them any assurance that we will eliminate exemptions, or not tax other things.

Senator Halligan questioned Senator Crippen about the inconsistencies in tax policy in SB 235 which reads that the property tax components cannot be raised without a 2/3 vote of the Legislature, SB 289 calls for a vote on a constitutional cap on the sales tax, and the income tax, gaming and excise taxes are approved by a majority vote. Senator Crippen said there are general inconsistencies in many laws and this Committee might want to rectify some of the inconsistencies in tax policy and bring them into a pattern that would make more sense in the overall scope of legislation before it.

Senator Yellowtail questioned Senator Crippen further about inconsistencies in the state's tax policy in that there is a super majority requirement on any adjustment in property tax rates, and now a constitutional limitation on the sales tax if SB 289 passes, so the only prerogative remaining for the Legislature in adjusting the revenue picture in Montana is to work with the exemptions, or the application of a sales tax, and the income tax and other various miscellaneous taxes. Senator Crippen said this was correct.

Senator Yellowtail asked Senator Crippen why the Legislature should tie its hands and shirk its responsibilities to the people of this state by limiting its ability to address the revenue needs of the State of Montana. Senator Crippen said that the Legislature is viewed as not being able to keep its spending and tax policy under control, and SB 289, as well as SB 235, tries to put some constraints on the Legislature.

Senator Towe asked if Senator Crippen would support the amendment proposed by Eric Feaver, and Senator Crippen said SB 289 is the Governor's bill and he doesn't know if the Governor would go along with the amendment proposed.

Senator Towe asked Mick Robinson if he knows what the Governor's position is and whether the Governor would accept an amendment such as Mr. Feaver proposed which would say that a sales tax or use tax may not be increased without a vote of the people. Mr. Robinson said he thought the Governor would consider that language.

Senator Towe asked Eric Feaver about MEA's amendment, and Mr. Feaver said it was their intent that if it was good enough for a vote of the people to establish the tax, then we ought to embody in the Constitution the same opportunity for the people to increase the tax.

Senator Doherty asked about the proposed amendment by the MEA. Dennis Burr said a vote of the people to increase the rate would be a sufficient guarantee to the public that they are going to have some input and impact on what that rate is.

Closing by Sponsor:

Senator Crippen closed by saying that the Legislature needs to decide what protection it wants to give, if any, to the people, and that every time that type of protection is given, the ability of the Legislature to legislate is eroded.

HEARING ON SB 299

Opening Statement by Sponsor:

Senator Bruce Crippen, Senate District 45, presented SB 299, which is a bill calling for an election in November, 1994, asking the general public whether the sales tax and use tax should remain in effect or be repealed. This bill shows that it is requested by the Governor, but Senator Crippen said that is an error, that the Governor did not request this bill, and Senator Crippen is presenting it on his own. Also, the date of November 2, 1994, is incorrect and should be November 8, 1994, which would require an amendment by this Committee to correct.

Senator Crippen said that if the Legislature should decide to enact a general statewide sales and use tax this session, and put it into law, there is a question on how they would get it to a vote of the people. SB 299 would give the general public the right to vote on whether to retain or reject the sales tax after it has been in effect for about 6 months.

Proponents' Testimony:

David Owen, employed by, and representing, the Montana Chamber of Commerce, said he is supporting SB 299.

Eric Feaver, Montana Education Association (MEA), said he believes the Legislature should be in full control of the tax policy implementation in this state. The MEA would prefer that the Legislature adopt the sales tax and those who oppose it could utilize their constitutional rights to challenge that tax. However, promises were made over the last campaign that there would be a vote of the people to implement a sales tax. In recognition of that promise, the MEA supports SB 299 as the most objective way to present the sales tax to the people.

Charles Brooks, Montana Retail Association, said the MRA board came to the conclusion that the promises had been made that a sales tax would go to a vote of the people, and they felt the state needed time to dispel the trust or distrust as far as the taxing policies are concerned. The MRA board decided they need to urge the Legislature to enact the sales tax, give the tax time to operate, and then take it to a vote of the people. Thus, the MRA supports SB 299.

Riley Johnson, representing the National Federation of Independent Businesses, said their main concern is that a sales tax proposal should go to a vote of the people, and SB 299 does meet that requirement. He feels the tax should have a chance to work for awhile before putting it to a vote of the people.

Opponents' Testimony:

Dennis Burr, Montana Taxpayers Association (MTA), spoke against SB 299. The MTA agrees the Legislature should either adopt or not adopt a sales tax, and if they do adopt it, there is a constitutional method available for those who wish to appeal it. The process of having a vote of the people a few months after the sales tax is effective will give the state a chance to know the costs of implementing the tax, but Mr. Burr doesn't agree that it should be made easy for the people to repeal the sales tax.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Doherty asked Senator Crippen if he knew whether the Governor would sign SB 299 if it passes the Senate and the House. Senator Crippen said he did not know, but if the Legislature, in good faith, felt this is best way to go, then the Governor would have to determine if this bill would meet his campaign promise of bringing the sales tax to a vote of the people, and if so, he would probably sign the bill.

Senator Doherty asked Jeff Miller, Department of Revenue, the same question, and Mr. Miller said the Governor is not in support of SB 299.

Senator Halligan questioned the timing of the vote called for in SB 299, since the sales tax would have been in effect only about 6 months; would businesses have experienced the commercial property tax breaks, and would the low income tax credits and the personal property tax relief have had time to be applied properly. Senator Crippen said that is one of the objections the administration has, whether the November 1994, date is appropriate. He said one of the ways to handle this is to either stage the relief in early, or delay the vote until 1996.

Senator Van Valkenburg asked Senator Crippen if it is his desire to amend SB 235 to take out the public vote before this Committee sends the bill to the floor of the Senate. Senator Crippen responded that it is his desire to have the Committee view SB 235 (or SB 283, or a combination of the two) and SB 299 separately, and the Committee can decide how to handle the public vote on the sales tax issue.

Senator Eck said that if the sales tax is enacted by the Legislature, and if SB 299 is passed, there would be a petition calling for a referendum which would stop the Department of Revenue from going ahead with implementation of the sales tax. Senator Eck asked if Senator Crippen felt this would be starting the sales tax with a negative campaign. Senator Crippen said he doesn't think the Legislature should legislate in fear, they should decide what they want to do and follow through without worrying about any petitions that may or may not be filed.

Senator Eck said that the since the Legislature is having to make brutal cuts in programs, the public knows that something needs to be done and major changes need to be made. She questioned Senator Crippen if thinks the public would be more likely to vote for a sales tax now or after it had been enacted for two years. Senator Crippen said there is a risk in a vote now or later; SB 299 is just one approach which would allow a sales tax to be implemented immediately and revenues would start coming in sooner.

Senator Towe asked Senator Crippen if it is financially good sense to implement a sales tax, which would require 131 full time employees and an enormous amount of up-gearing, to be put into effect on July 1, and then, possibly, have it all defeated a few months later. Senator Crippen said this is a risk to be taken. He also said the Department of Revenue would start implementing the mechanics necessary immediately, so if a sales tax is enacted, it will come on line in the most expeditious manner. There would be some of those expenses involved anyway, and anytime a base is expanded, it will cost money.

Closing by Sponsor:

Senator Crippen said the legislators are here to do a job the best way they see fit, and he asked the Committee to seriously consider SB 299.

EXECUTIVE ACTION ON SB 269

Amendments to SB 269 were handed out, with a copy attached to these minutes as Exhibit No. 1.

MOTION/VOTE:

Senator Towe moved to AMEND SB 269 (sb026901.ajm). The motion to amend SB 269 CARRIED UNANIMOUSLY.

MOTION/VOTE:

Senator Towe moved SB 269 DO PASS AS AMENDED (341143SC.San). The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 245

MOTION/VOTE:

Senator Harp moved SB 245 BE TABLED. The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 247

MOTION/VOTE:

Senator Towe moved SB 247 BE TABLED. The motion CARRIED with Senators Harp and Gage voting NO.

DISCUSSION ON SB 191

Three handouts were presented for the Committee members to consider on SB 191. A copy of each is attached to these minutes.

EXECUTIVE ACTION ON SB 148

DISCUSSION:

Senator Gage said he was considering an amendment that up to $600,000 in grant requests by the Oil and Gas Commission would receive first priority in the grant process. However, his information is that this would be outside the title and scope of the bill and without a Committee Bill it would not be possible. Senator Gage said he then determined to not bring that amendment to the Committee.

Senator Towe questioned Senator Gage if what he was trying to do would give the Oil and Gas Commission the grants in order to plug holes. Senator Gage said this would be for whatever the Oil and Gas grant requests are, with regard to the damage mitigation problems.

MOTION/VOTE:

Senator Gage moved that the Committee request a Committee Bill. The motion CARRIED UNANIMOUSLY.

MOTION/VOTE:

Senator Gage moved that SB 148 BE TABLED. The motion CARRIED UNANIMOUSLY.

DISCUSSION OF I-105

Senator Eck said she and Senator Gage had wanted to do a Committee Bill on a problem that Greg Petesch, Legislative Council, thinks should be addressed on how I-105 is interpreted regarding SIDs and RSIDs. The past Attorney General and the present Attorney General have not been able to rule on this because there were no minutes kept of the Conference Committee meeting when the decision was made. The problem was whether or not SIDs and RSIDs are in addition to restrictions by I-105 or do they come under the restrictions of I-105. Senator Bartlett was present and she said the question was that when the SID is paid off and they are no longer levying for the revolving fund, whether or not those mills can then be used for other purposes within I-105 or if that millage is lost altogether. Can those mills, because they were a part of a total millage, continue to be levied but used for other kinds of things? Jeff Martin, Legislative Council Staff, will report back to the Committee on this matter.

ADJOURNMENT

Adjournment: The meeting adjourned at 9:30 a.m.

MIKE HALLIGAN, Chair

BONNIE STARK, Secretary

MH/bjs

ROLL CALL

SENATE COMMITTEE TAXATION DATE 2-11-93

NAME	PRESENT	ABSENT	EXCUSED
Sen. Halligan, Chair	✓		
Sen. Eck, Vice Chair	✓		
Sen. Brown	✓		
Sen. Doherty	✓		
Sen. Gage	✓		
Sen. Grosfield	✓		
Sen. Harp	✓		
Sen. Stang	✓		
Sen. Towe	✓		
Sen. Van Valkenburg	✓		
Sen. Yellowtail	✓		

FC8

Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

February 11, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 269 (first reading copy -- white), respectfully report that Senate Bill No. 269 be amended as follows and as so amended do pass.

Signed: ______________________
Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 6.
Strike: "IMMEDIATE"

2. Page 2, line 8.
Strike: "on passage and approval"
Insert: "July 1, 1993"

-END-

Amd. Coord.
Sec. of Senate

341143SC.San

SENATE TAXATION
EXHIBIT NO. 1
DATE 2-11-93
BILL NO. SB 269 -
Executive Sess

Amendments to Senate Bill No. 269
First Reading Copy

Requested by Senator Lynch
For the Committee on Taxation

Prepared by Jeff Martin
February 8, 1993

1. Title, line 6.
Strike: "IMMEDIATE"

2. Page 2, line 8.
Strike: "on passage and approval"
Insert: "July 1, 1993"

sb026901.ajm

SB 191

SUMMARY OF PROPERTY TAX DEFFERRAL PROGRAM

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A PROPERTY TAX DEFERRAL PROGRAM FOR PERSONS 62 YEARS OF AGE OR OLDER; PROVIDING STATE REIMBURSEMENT TO COUNTIES FOR PROPERTY TAXES DEFERRED UNDER THE PROPERTY TAX DEFERRAL PROGRAM; APPROPRIATING UP TO $X FOR STARTUP COSTS FOR THE PROPERTY TAX DEFERRAL PROGRAM; GRANTING RULE MAKING AUTHORITY TO THE DEPARTMENT OF REVENUE; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE FOR RULE MAKING AUTHORITY."

A taxpayer or taxpayers may elect to defer property taxes on their homestead (includes the apportioned value of property in a multiunit building) if the taxpayer or taxpayers:

(1) are sixty-two years of age or older;

(2) have gross household income as defined in 15-30-171 (elderly property tax credit) not greater than 125 percent of the federal poverty level; and

(3) own or are purchasing the property.

The amount of property taxes deferred each year may not exceed 50 percent of the tax due each year. The total amount of property taxes deferred may not exceed 50 percent of the appraised value of the property. The total combined amount of property taxes deferred plus the outstanding mortgage, if any, may not exceed 90 percent of the appraised value of the property.

A taxpayer must file a claim with county assessor. The assessor must forward the claim to the Department of Revenue. The Department determines whether the property is eligible for the deferral. The Department maintains accounts for each tax deferred property. Interest accrues at X percent on the amount of taxes deferred. The Department claims a lien against the property in the amount of the deferred taxes plus interest.

The Department reimburses counties amounts equal to the amount of the deferred taxes. Repayment of the deferred taxes is made to the Department. Circumstance requiring the repayment of property taxes include:

(1) the taxpayer claiming the deferral dies (the spouse of the taxpayer claiming the exemption may, under certain conditions, continue the tax deferral status of the property);

(2) the tax deferred property is sold;

(3) the property is no longer the homestead of the taxpayer of who claimed the deferral; or

(4) the tax-deferred property is moved out of the county or state.

The preceding summary is based on the provisions of HB 472, introduced during the 51st Legislative session. The fiscal note for the bill assumed that 10 percent (360) of the eligible households would participate in the property tax deferral program. According to the fiscal note, the highest participation rate among the other states that have a deferral program is 6 percent of the eligible households. Some of the benefits of the tax deferral program would be offset by an increase in income taxes for taxpayers eligible for the elderly home owner/renter credit.

8 13 #41

Deferral Programs

Twenty states have property tax deferral programs for qualifying elderly and disabled homeowners. These programs allow homeowners to use the equity in their homes to guarantee payment on deferred taxes. Deferred taxes become a lien on the home that is satisfied when the home is sold or when the homeowners' estate is settled.

Table 6 provides detail on the programs. Elderly homeowners are eligible for the program in all 20 states, while disabled homeowners are eligible in seven states. Seven of the 20 states do not impose income eligibility guidelines for program participation.

Virginia and Utah allow local governments to decide whether to allow property tax deferrals. In the other 18 states, the program is mandated by state law.

Participation in deferral programs is low because many elderly homeowners are reluctant to place a lien on their property.

Program Goals

The goals of property tax relief programs vary from state to state. Most states that provide relief based on income target relief to the elderly on the premise that retirees on fixed incomes should not be forced to sell their homes because they cannot afford property taxes. Another rationale for targeting relief to the elderly involves school finance. School taxes represent the bulk of property tax bills in most localities. In states with high property taxes, elderly homeowners may balk at paying higher school taxes when they do not receive any direct benefits.

Limiting property tax relief to the elderly limits program costs. As shown in table 7, the per capita cost of circuitbreaker programs in states limiting programs to the elderly and disabled is significantly below the cost of programs in states that allow all homeowners and renters to participate. The most generous program targeted to the elderly, in Pennsylvania, cost $13.25 per capita in FY1990. Programs in nine of the 11 states that provide benefits for all qualifying homeowners and renters were more expensive, on a per capita basis, than Pennsylvania's program.

States that allow all homeowners and renters to participate in the program have broader program goals in mind. These states may be concerned with the regressivity of the property tax and use circuitbreakers and income-tested homestead exemption programs to alleviate this concern. Or, in the case of Oklahoma, the program may have survived from the Great Depression, when it could prevent tax sales without any clear present policy goal.

State deferral programs are targeted specifically to the issue discussed above: elderly homeowners losing their homes because they cannot afford property taxes. This low-cost program eliminates this problem without a revenue loss for state or local governments. Local governments fully recover back taxes when the home is sold or when the homeowners' estate is settled. Program participation is limited, however, because many elderly homeowners are unwilling to allow a lien against their home.

Table 5.
Property Tax Circuitbreaker Programs For Renters, 1991.

State	*Eligible Taxpayers*			*Maximum*		*Property*
	All Renters	*Elderly Renters*	*Disabled Renters*	*Household Income (single/married)*	*Maximum Benefit*	*Tax Rent Equivalent*
Alaska		X	X	none	none	[1]
Arizona	X	X	X	$25,000	$40	5%
California		X	X	$13,200	$240	$250
Colorado		X	X	$7,500/$11,200	$500	20%
Connecticut		X	X	$18,400/$22,600	$700/$900	35%
District of Columbia	X	X	X	$20,000	$750	15%
Hawaii	X	X	X	$30,000	$50/$100[2]	NA
Illinois		X	X	$14,000	$700	30%
Iowa		X	X	$12,000	100% of tax	27.5%
Kansas	[3]	X	X			
Maine	X	X	X	$60,000	$3,000	25%
Maryland		X	X	[4]	$600	15%
Michigan	X	X	X	$82,650[5]	$1,200	17%
Minnesota	X	X	X	$35,000	$1,000	[6]
Missouri		X		$14,000/$16,000	$750	20%
Montana		X		None	$400	15%
Nevada		X		$15,100	$500	6%
New Jersey	X	X	X	$100,000	$500	18%
New Mexico		X		$16,000	$250	6%
New York	X	X	X	$18,000	$375[7]	25%
North Dakota		X	X	$13,000	$230	20%
Oregon	X	X	X	$10,000	$250	17%
Pennsylvania		X	X	$15,000	$500	20%
Rhode Island		X	X	$12,500	$200	20%
Utah		X		$16,450	$425	[8]
Vermont	X	X		$45,000	$1,350	20%
Wisconsin	X	X	X	$19,154	$1,160	20%[9]

NA: Not applicable.

Notes:
1. Alaska: Property tax rent equivalents vary among local jurisdictions, depending on the local mill levy.
2. Hawaii: The renter credit is $50 per qualified exemption; the credit is doubled for renters over 65.
3. Kansas: All households with dependent children under 18 qualify.
4. Maryland: Renters with net assets of less than $200,000 qualify for the program.
5. Michigan: The credit is reduced by 10 percent for each $1,000 that the claimant's income exceeds $72,650.
6. Minnesota: Minnesota does not use a rent equivalent in determining benefit levels.
7. New York: The maximum benefit of $375 is for elderly taxpayers. The maximum for all taxpayers is $75.
8. Utah: Property tax rent equivalent ranges from 95 percent for incomes below $5,600 to 25 percent for incomes between $14,801 and $16,450.
9. Wisconsin: 25 percent if heat is included in the rent.

Source: NCSL survey, Summer 1991.

SB191

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB472, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act establishing a property tax deferral program for persons 62 years of age or older; providing state reimbursement to counties for property taxes deferred under the property tax deferral program; appropriating up to $1 million for startup costs for the property tax deferral program; granting rulemaking authority to the Department of Revenue; and providing an immediate effective date for rulemaking authority.

ASSUMPTIONS:

1. Currently, approximately 3,600 households with household income of less than 125% of the poverty level are receiving benefits under the low-income property tax relief program provided under MCA 15-6-134.
2. Approximately 10 percent (360) of these households will participate in the proposed deferral program. (The highest participation rate among the other states that have a deferral program is 6% of the eligible population (Oregon) - NCSL survey).
3. Average property tax on these homes is $241 (after low-income property tax relief).
4. Under the proposal, 50% of property taxes will be deferred, with the state reimbursing the counties for 100% of property taxes deferred.
5. Implementation and continued operation of the administration of the program will require an additional 3.5 FTE in FY90, and one additional FTE in FY91 and beyond.
6. One additional lap-top computer will be required for continued administration of the program.

Ray Shackleford 2/3/89

RAY SHACKLEFORD, BUDGET DIRECTOR DATE

OFFICE OF BUDGET AND PROGRAM PLANNING

BOB RANEY, PRIMARY SPONSOR DATE

Fiscal Note for HB472, as introduced

HB 472

FISCAL IMPACT
Expenditure Impact:

	FY90 Current Law	FY90 Proposed Law	FY90 Difference	FY91 Current Law	FY91 Proposed Law	FY91 Difference
Property Tax						
Payments	$ 0	$ 43,380	$ 43,380	$ 0	$ 43,380	$ 43,380
Personal Serv.	$ 0	$ 92,945	$ 92,945	$ 0	$ 24,045	$ 24,045
Operating Exp.	$ 0	$ 78,735	$ 78,735	$ 0	$ 3,235	$ 3,325
Equip.	$ 0	$ 2,700	$ 2,700	$ 0	$ 0	$ 0
Total Adm.	$ 0	$ 174,380	$ 174,380	$ 0	$ 27,280	$ 27,280
Startup						
Appropriation	$ 0	$ 1,000,000	$1,000,000	$ 0	$ 0	$ 0
Total	$ 0	$ 1,217,760	$1,217,760	$ 0	$ 70,660	$ 70,660
Fund Information:						
Education Trust Fund						
Startup						
Appropriation	$ 0	$ 1,000,000	$1,000,000	$ 0	$ 0	$ 0
Administration	$ 0	$ 174,380	$ 174,380	$ 0	$ 27,280	$ 27,280
Total	$ 0	$ 1,174,380	$1,174,380	$ 0	$ 27,280	$ 27,280
Property Tax						
Deferral						
Account	$ 0	$ 43,380	$ 43,380	$ 0	$ 43,380	$ 43,380

The legislation does not provide for the funding of administration expenses. The analysis assumes the funding source is the education trust fund.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:
The impact on county revenues and expenditures would be minimal. The deferred property taxes are reimbursed to counties by the state. Also, responsibility for administering the program lies with the Department of Revenue.
TECHNICAL NOTE/CONFLICT WITH EXISTING LEGISLATION:
The bill does not address the deferral program's interaction with the current homeowner/renter credit program. This fiscal note assumes that elderly households that opt for the deferral program would be eligible for the elderly homeowner/renter credit only to the extent of property taxes that are not deferred. Current law specifies that the credit is available only for property tax paid in the tax year; here, property tax paid assumes that the tax must have been paid by the homeowner. To the extent that elderly homeowners opting for the deferral program were previously receiving homeowner income tax credits, credit amounts would be reduced resulting in a slight increase in income tax revenue.

HB 472

DATE 2-11-93

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: SB 289, 299

Name	Representing	Bill No.	Check One Support	Oppose
Riley Johnson	NFIB	289 299	✓ ✓	
Dennis Burr	Montana Taxpayers assoc	289	✓	
" "	" "	299		✓
David Owen	Mt Chamber of Commerce	289	✓	
" "	" "	299	✓	
Eric Feaver	MEA	289 294	 ✓	✓
Charles R. Brooks	MT Retail Assoc	289 294	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

F10