

**MINUTES**

**MONTANA SENATE  
53rd LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON TAXATION**

**Call to Order:** By Chairman Mike Halligan, on April 22, 1993, at 8:30 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. Bill Yellowtail (D)

**Members Excused:** Sen. Fred Van Valkenburg (D)

**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: HJR 30  
Executive Action: HJR 30

**HEARING ON HJR 30**

**Opening Statement by Sponsor:**

Senator Barry "Spook" Stang, Senate District No. 26, presented HJR 30, which is a resolution requesting the Revenue Oversight Committee to conduct an interim study of tax expenditures.

**Proponents' Testimony:**

None.

**Opponents' Testimony:**

None.

**Informational Testimony:**

None.

**Questions From Committee Members and Responses:**

Jeff Martin, Legislative Council Staff, said this issue was considered by the Revenue Oversight Committee during the interim before last. He said they looked at all of the various tax incentives in the tax code for an inventory. Senator Halligan asked if a cost analysis had been done to determine the per-year cost of the deductions, credits or exemptions. Mr. Martin said "no", but the Tax Expenditure Report by the Department of Revenue (DOR) includes that type of information.

Senator Gage asked when the Fiscal Year 94-95 report comes out. Mr. Martin said it is available in either December or January prior to the session. It is a biennial report. The next report would be completed in January of 1995.

Senator Gage asked how it could be studied and evaluated if it is not available until after the session starts. Rep. Bob Ream, HJR 30 sponsor, said at the beginning of the session all Legislators received a copy of the Tax Expenditure Report for Montana for Fiscal Years 1994 and 1995. This report is an estimate of the expenditures for 1994 and 1995, and that is why HJR 30 contains those dates.

Rep. Ream said the Legislature has required the DOR to prepare a biennial Tax Expenditure Report, but the Legislature has no mechanism for reviewing those expenditures and knowing the impact of those expenditures, either through the Taxation Committees or the Revenue Oversight Committee. He believes it is a good idea to periodically examine the expenditures to see if the purpose and intent is being met, and review what the expenditure means to Montana in terms of tax revenues lost. Sometimes, expenditures are approved when the future impact is not understood; Rep. Ream believes it is good rationale to review the expenditure after it is in place for a few years, and have the report reviewed and examined.

Senator Towe asked if SB 235, the sales tax bill, passes with the provision included for the income tax reform, and if HB 671 passes in some form as the alternative, which would do away with all itemized deductions, would there be anything left to study. Rep. Ream said there are many other tax expenditures, and credits, not affected by those two bills which will continue to need examination and review, including low interest loans and grant programs, and alcohol-gasohol issues.

Closing by Sponsor:

Rep. Ream offered no further remarks in closing.

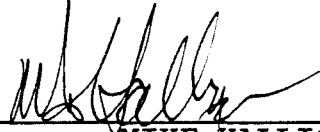
EXECUTIVE ACTION ON HJR 30

MOTION/VOTE:

Senator Towe moved that HJR 30 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY on oral vote. (890906SC.Sma) Senator Halligan will carry the bill on the Senate floor.

ADJOURNMENT

Adjournment: The meeting adjourned at 8:50 a.m.



MIKE HALLIGAN, Chair



BONNIE STARK, Secretary

MH/bjs

# ROLL CALL

SENATE COMMITTEE      TAXATION

DATE 4-22-93


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SENATE STANDING COMMITTEE REPORT

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April 22, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Joint Resolution No. 30 (third reading copy -- blue), respectfully report that House Joint Resolution No. 30 be concurred in.

Signed: 

Senator Mike Halligan, Chair

