

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - SPECIAL SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB GILBERT**, on December 1, 1993, at 8:30 a.m.

ROLL CALL

Members Present:

Rep. Bob Gilbert, Chairman (R)
Rep. Mike Foster, Vice Chairman (R)
Rep. Dan Harrington, Minority Vice Chairman (D)
Rep. Shiell Anderson (R)
Rep. John Bohlinger (R)
Rep. Ed Dolezal (D)
Rep. Jerry Driscoll (D)
Rep. Jim Elliott (D)
Rep. Gary Feland (R)
Rep. Marian Hanson (R)
Rep. Hal Harper (D)
Rep. Chase Hibbard (R)
Rep. Vern Keller (R)
Rep. Ed McCaffree (D)
Rep. Bea McCarthy (D)
Rep. Tom Nelson (R)
Rep. Scott Orr (R)
Rep. Bob Raney (D)
Rep. Bob Ream (D)
Rep. Rolph Tunby (R)

Members Excused: None

Members Absent: None

Staff Present: Lee Heiman, Legislative Council
Jill Royhans, Committee Secretary

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

Committee Business Summary:

Hearing: HB 27, HB 28
Executive Action: None

HEARING ON HOUSE BILL 27

Opening Statement by Sponsor: REP. JOHN COBB, HD 42, Augusta, said the bill provides an individual income tax credit for low income taxpayers. It would eliminate the lowest 2% of taxpayers in the state for a total cost of \$832,000. He noted the Department of Revenue (DOR) suggested a more efficient way to accomplish the same low income tax relief would be to raise the lower threshold by a small amount. He submitted Exhibit #1 which details the number of affected taxpayers and total tax impact.

Proponents' Testimony:

Harley Warner, Montana Association of Churches, said the bill is a first step toward helping the working poor. It would affect only those people with a taxable income of less than \$1700 with a maximum credit of \$39.98.

Christina Medina, Executive Director, Montana Low Income Coalition, expressed support for the bill saying it would alleviate the tax burden on the working poor and the low income taxpayer.

Opponents' Testimony:

Tom Hopgood, Montana Association of Realtors, said he wanted to issue a word of caution rather than oppose the bill. He said a bill that provides tax relief also carries a price tag. He urged the Committee members to keep that in mind when balancing the budget.

Questions From Committee Members and Responses: None

Closing by Sponsor: REP. COBB closed.

HEARING ON HOUSE BILL 28

Opening Statement by Sponsor: REP. JERRY DRISCOLL, HD 92, Billings, said the bill suspends the market value of a primary residence or homestead at the lowest of the 1992 value, the 1993 value, or the value of the property when the owner reaches age 60 if the current value of the property is \$200,000 or less. He said senior citizens cannot afford escalating taxes caused by the combination of the new appraisal cycle and the impacts of I-105 and the various initiatives that have recently passed and are being proposed. He said the \$200,000 level may seem high, but mid-level homes are fast approaching that mark. If any provision

is to be made for the future, the \$200,000 limit is not an unreasonable consideration. He noted the residence would have to be owner occupied, owned for a minimum of three years, and occupied by the owner for a minimum of eight months of the year. Mobile homes and trailers are included in the provisions of the bill.

Proponents' Testimony:

Dennis Burr, Montana Taxpayers Association, said overall general property tax relief is primary; however, two groups, low income and senior citizens, should be granted specific tax relief. This bill is a good vehicle as well as REP. MENAHAN'S anticipated bill.

Opponents' Testimony:

Tom Hopgood, Montana Association of Realtors, said he agreed with Mr. Burr, but favors general tax reform.

Eric Feaver, Montana Education Association, said he agreed with the previous testimony, but emphasized there must be consideration of low income persons who own their homes and pay taxes. He said property tax relief should not be based on age.

Questions From Committee Members and Responses:

REP. REAM asked if there was a fiscal note on the bill.

REP. DRISCOLL said one is being prepared.

Closing by Sponsor:

REP. DRISCOLL said that there is already tax law based on age. This is one way to ameliorate the effects of proposals such as CI66 which are waiting in the wings.

ADJOURNMENT

Adjournment: The meeting adjourned at 9:15 a.m.



BOB GILBERT, Chairman



JILL ROHYANS, Secretary

