

## **MINUTES**

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

#### **COMMITTEE ON TAXATION**

**Call to Order:** By **CHAIRMAN BOB GILBERT**, on December 14, 1993, at 9:00 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. 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:** Rep. John Bohlinger (R)

**Members Absent:** None

**Staff Present:** Lee Heiman, Legislative Council  
Jill Rohyans, Committee Secretary

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

##### **Committee Business Summary:**

Hearing: None  
Executive Action: HB 47 Tabled, HB28 and HB 73 Do  
Pass Motions Failed, HB78

EXECUTIVE ACTION ON HOUSE BILL 28

**Motion:** REP. DRISCOLL MOVED HB 28 DO PASS.

**Discussion:** REP. DRISCOLL briefly reviewed the bill. In order to suspend the new valuation the property owner must be 60 years old and have owned the property and occupied it for three years. The property must be worth less than \$200,000. There is no income test. He said the fiscal note indicates a \$1.8 million cost which includes \$600,000 for a new computer. He questioned the necessity of purchasing a new computer. The bill freezes the market at the lower of 1992 or 1993 values and is effective in 1994.

REP. TUNBY said the state already has a low income property tax relief law. He expressed concern about tax relief for the elderly when there are so many young people also having problems with increasing property taxes.

REP. HIBBARD asked if the sponsor would object to a \$40,000 income test.

REP. DRISCOLL replied he would rather not include an income test, but it could be done.

REP. MCCARTHY asked if taxpayers would have to inform the county that they are applying for the credit so the county could anticipate a potential loss of income.

REP. DRISCOLL said the taxpayer would have to fill out the application form, take it to the county with a copy of his/her birth certificate and receive verification of three year ownership of the property.

REP. ANDERSON asked if there are any constitutional roadblocks associated with the bill.

REP. DRISCOLL said the drafter did not think there were any grounds for a constitutional challenge. The low income and senior citizen income credit laws have not been challenged.

REP. FOSTER asked about the software and computer costs.

Judy Paynter, Department of Revenue (DOR), said DOR is running out of disc space and every rebate/tax credit bill includes the \$100,000 for software and \$500,000 computer expansion costs. It would be almost impossible to implement any of the programs without the computer enhancement.

**Vote:** Motion that HB 28 Do Pass failed 10-10 on a roll call vote.

EXECUTIVE ACTION ON HOUSE BILL 47

**Motion:** REP. ELLIOTT MOVED HB 47 DO PASS.

**Discussion:** REP. ELLIOTT said this bill represents the only property tax freeze that would go into effect immediately because it does not require a constitutional amendment. It contains a means test and a section addressing transferability of the property tax exemption. Both are critical factors in meeting the constitutionality requirements. He said he would not object to amending the \$40,000 level in the means test. He said he had investigated including the commercial exemption, but said it would be impossible to apply a means test to the commercial sector. Without the means test, constitutionality is called into question. The bill reduces the amount of money that goes to state and local governments.

REP. DOLEZAL asked if there would be any way to recapture the increase in assessed value after the house is sold.

REP. ELLIOTT replied if person with a \$40,000 income, who is entitled to the full exemption, sells the home to a person with a \$60,000 income, who is not exempt, the local taxing jurisdiction does not recapture back taxes, but the house is taxed at the higher actually assessed value from that point forward. REP. ELLIOTT said he would like the bill to be amended to index the income levels to inflation.

REP. FOSTER said by including the means test, income tax policy and property tax policy are joined and he could not support combining the two. He also noted the fiscal note indicated there is an insufficient data base on which to base a reliable cost estimate of the revenue impact of the bill, as well as insufficient data on incomes related to individual properties. He estimated the costs related to compiling that information and relating it to local governments and schools would be an overwhelming task.

REP. HARPER said it is a good idea to have a back up bill ready if needed. It is a good concept to establish a base level freeze and noted the \$40,000 level could be increased. If the Legislature needs an alternative at the last minute, this bill could be a good vehicle.

REP. GILBERT said the fiscal note is vague and asked if the sponsor had any idea of the actual costs associated with the bill.

REP. ELLIOTT said he agreed with the administrative costs in the fiscal note, but said beyond that it becomes impossible to predict the costs of this or any other property tax freeze. It would "allow local governments to see an increase in their tax base less slowly than at present." With the cap, tax bases will

increase according to the rate of inflation.

**Motion/Vote:** REP. ELLIOTT MOVED TO AMEND THE BILL BY RAISING THE MEANS TEST FROM \$40,000 TO \$70,000 WITH THE TOP LEVEL SET AT \$90,000. He said the amendment would accommodate between 90% and 95% of the property owners in the state. Motion to amend failed 8 - 12 on a roll call vote.

**Vote:** Motion that HB 47 Do Pass failed 12-8 on a roll call vote.

**Motion/Vote:** REP. ELLIOTT MOVED TO TABLE HB 47. Motion carried unanimously.

### **EXECUTIVE ACTION ON HOUSE BILL 73**

**Discussion:** REP. DRISCOLL said HB 73 increases the income level thresholds for the low-income and elderly tax credit. It applies to all homeowners with an income of \$25,000 and under for a single person and \$30,000 and under for married couples. The bill is identical to current law in every other respect. The senior citizen rent credit is not addressed in HB 73.

REP. ELLIOTT said this is a slight increase over the recommendation of the Governor's Advisory Committee on Property Taxes.

**Motion:** REP. MCCARTHY MOVED HB 73 DO PASS.

**Discussion:** REP. MCCARTHY asked if it would be possible to amend the notification provision from Rep. Fagg's bill into this bill.

REP. DRISCOLL said he would have no objection.

REP. GILBERT said his objection is that the bill is not helping the people that need it most. Low-income taxpayers already have a tax relief credit and their homes, for the most part, were not hit hardest as a result of reappraisal.

REP. MCCARTHY said in her district, Granite County, there are few homes in the \$150,000 - \$200,000 range, yet some of the highest increases in the state are in her district.

REP. ELLIOTT pointed out the Committee just voted down HB 47 which would help a lot more middle income taxpayers than this bill.

**Vote:** Motion that HB 73 Do Pass failed 11-9 on a roll call vote.

EXECUTIVE ACTION ON HOUSE BILL 78

Motion: REP. HARPER MOVED HB 78 DO PASS.

Discussion: REP. RANEY said not a lot of people will utilize the bill, but the people who take advantage of the other reverse mortgage program are most grateful for the assistance it offers.

REP. FOSTER said this bill would mortgage the applicant's future at an 8% interest level. He said he could not support the bill.

REP. RANEY reminded the Committee this is a last resort for people who are about to lose their property.

REP. DRISCOLL said the banks can offer mortgages at a lower interest rate than the state. He said the state should not be in the mortgage business.

Motion/Vote: REP. RANEY MADE A SUBSTITUTE MOTION TO PASS CONSIDERATION FOR THE DAY. The motion carried unanimously.

Vote: REP. HARPER WITHDREW HIS DO PASS MOTION.

ADJOURNMENT

Adjournment: The meeting adjourned at 10:20 a.m.

  
REP. BOB GILBERT, Chairman

  
JILL RHYANS, Secretary

BG/jdr

# HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL

DATE 12/14/93

NAME	PRESENT	ABSENT	EXCUSED
REP. GILBERT, CHAIRMAN	✓		
REP. FOSTER	✓		
REP. HARRINGTON	✓		
REP. ANDERSON	✓		
REP. BOHLINGER			✓
REP. DOLEZAL	✓		
REP. DRISCOLL	✓		
REP. ELLIOTT	✓		
REP. FELAND	✓		
REP. HANSON	✓		
REP. HARPER	✓		
REP. HIBBARD	✓		
REP. KELLER	✓		
REP. McCAFFREE	✓		
REP. MCCARTHY	✓		
REP. NELSON	✓		
REP. ORR	✓		
REP. PANAY	✓		
REP. REAM	✓		
REP. TUNBY	✓		

# HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

## ROLL CALL VOTE

DATE 12/14/93 BILL NO. HB 28 NUMBER 1

MOTION: by Rep. Driscoll That HB 28 Do Pass

NAME	AYE	NO
REP. FOSTER		✓
REP. HARRINGTON	✓	
REP. ANDERSON	✓	
REP. BOHLINGER	✓	
REP. DOLEZAL	✓	
REP. DRISCOLL	✓	
REP. ELLIOTT		✓
REP. FELAND		✓
REP. HANSON		✓
REP. HARPER		✓
REP. HIBBARD	✓	
REP. KELLER	✓	
REP. McCAFFREE	✓	
REP. MCCARTHY	✓	
REP. NELSON	✓	
REP. ORR		✓
REP. RANEY	✓	
REP. REAM		✓
REP. TUNBY		✓
REP. GILBERT	✓	

# HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

## ROLL CALL VOTE

DATE 12/14/93 BILL NO. 47 NUMBER 2

MOTION: by Rep. Elliott that HB 47 do pass

NAME	AYE	NO
REP. FOSTER		✓
REP. HARRINGTON	✓	
REP. ANDERSON		✓
REP. BOHLINGER		✓
REP. DOLEZAL	✓	
REP. DRISCOLL	✓	
REP. ELLIOTT	✓	
REP. FELAND		✓
REP. HANSON		✓
REP. HARPER	✓	
REP. HIBBARD		✓
REP. KELLER		✓
REP. McCAFFREE	✓	
REP. MCCARTHY	✓	
REP. NELSON		✓
REP. ORR		✓
REP. RANEY		✓
REP. REAM	✓	
REP. TUNBY		✓
REP. GILBERT		✓



# HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

## ROLL CALL VOTE

DATE 12/14/03 BILL NO. 47 NUMBER 3

MOTION: by Rep. Elliott to amend p. 14, line 5  
and p. 16, line 2 by changing  
\$40,000 to \$70,000 and \$60,000 to \$90,000

NAME	AYE	NO
REP. FOSTER		✓
REP. HARRINGTON	✓	
REP. ANDERSON		✓
REP. BOHLINGER		✓
REP. DOLEZAL	✓	
REP. DRISCOLL		✓
REP. ELLIOTT	✓	
REP. FELAND		✓
REP. HANSON		✓
REP. HARPER	✓	
REP. HIBBARD		✓
REP. KELLER		✓
REP. McCAFFREE	✓	
REP. MCCARTHY	✓	
REP. NELSON		✓
REP. ORR		✓
REP. RANEY	✓	
REP. REAM	✓	
REP. TUNBY		✓
REP. GILBERT		✓

## HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

## ROLL CALL VOTE

DATE 12/14/93 BILL NO. HB 73 NUMBER 4MOTION: by Rep. Mr. Bartholomew that HB 73  
do pass

NAME	AYE	NO
REP. FOSTER		✓
REP. HARRINGTON	✓	
REP. ANDERSON		✓
REP. BOHLINGER		✓
REP. DOLEZAL	✓	
REP. DRISCOLL	✓	
REP. ELLIOTT	✓	
REP. FELAND		✓
REP. HANSON		✓
REP. HARPER	✓	
REP. HIBBARD		✓
REP. KELLER		✓
REP. McCAFFREE	✓	
REP. MCCARTHY	✓	
REP. NELSON		✓
REP. ORR		✓
REP. RANEY	✓	
REP. REAM	✓	
REP. TUNBY		✓
REP. GILBERT		✓