

MINUTES

MONTANA SENATE  
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN GERRY DEVLIN, on February 9, 1995, at  
8:00 a.m.

ROLL CALL

Members Present:

Sen. Gerry Devlin, Chairman (R)  
Sen. Mike Foster, Vice Chairman (R)  
Sen. Mack Cole (R)  
Sen. Delwyn Gage (R)  
Sen. Lorents Grosfield (R)  
Sen. John G. Harp (R)  
Sen. Dorothy Eck (D)  
Sen. Barry "Spook" Stang (D)  
Sen. Fred R. Van Valkenburg (D)

Members Excused: SEN. JOHN HARP

Members Absent: None

Staff Present: Jeff Martin, Legislative Council  
Renée Podell, Committee Secretary

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

Committee Business Summary:

Hearing: HB 144, SB 213  
Executive Action: None

HEARING ON HB 144

Opening Statement by Sponsor:

REP. DAN W. HARRINGTON, HD 38, Butte, commented HB 144 comes to the committee at the request of the Department of Revenue. He stated the Auditor suggested § 15-1-105, MCA, be repealed. He explained it makes no sense to have penalties on state taxes collected by the state go to the county where the taxpayer resides. REP. HARRINGTON stated this is a housekeeping measure.

Proponents' Testimony:

Dave Woodgerd, Department of Revenue, presented written testimony. EXHIBIT 1.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

None

Closing by Sponsor:

REP. HARRINGTON acknowledged the bill is a simple bill and urged support. He asked SEN. BARRY "SPOOK" STANG to carry the bill.

HEARING ON SB 213

Opening Statement by Sponsor:

SEN. BILL WILSON, SD 39, Great Falls, commented there isn't much change in the statute other than the change he made on Line 22. He explained he took the property tax exemption threshold for permanently disabled veterans or their spouses, and moved it from \$15,000 to \$20,000 for a single person, and \$18,000 to \$23,000 for a married couple.

Proponents' Testimony:

Dick Baumberger, Disabled American Vets (DAV), stated the DAV strongly supports SB 213. He commented this is a benefit to Montana's most severely disabled veterans.

Hal Manson, American Legion of Montana, acknowledged since the original bill was passed there has been a considerable amount of inflation, and because of inflation the 100% disabled Americans need a break on their taxes.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. BARRY "SPOOK" STANG asked Mr. Baumberger what 100% disabled means. {Tape: 1; Side: A; Approx. Counter: 10.4; Comments: Speaker difficult to hear.}

SEN. FRED VAN VALKENBURG asked Mr. Woodgerd how many people claimed this exemption in the State of Montana last year. Mr. Woodgerd commented he didn't have that information. SEN. VAN VALKENBURG commented to Mr. Bender that the fiscal note doesn't tell the committee much of anything. SEN. VAN VALKENBURG asked Mr. Bender if the Budget Office could do a better job of coming up with how many people applied for the exemption in the past, and if it's raised, what would the outcome be. Mr. Bender responded getting the information isn't straight forward. He stated there are very few 100% disabled veterans in the State of Montana. He acknowledged a \$5,000 threshold which he said was minor.

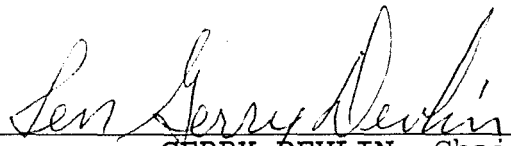
SEN. LORENTS GROSFIELD asked Mr. Bender what was minor. Mr. Bender estimated the amount would be five figures.

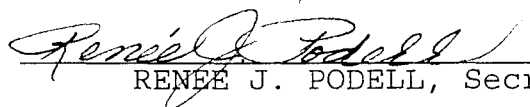
Closing by Sponsor:

SEN. WILSON reported there are 630 totally disabled veterans. He said this is an adjustment for inflation. He commented he will try to get better figures for the committee before executive action is taken on the bill.

ADJOURNMENT

Adjournment: 8:36 a.m.

  
GERRY DEVLIN, Chairman

  
RENEE J. PODELL, Secretary

GD/rp

MONTANA SENATE  
1995 LEGISLATURE  
TAXATION COMMITTEE

## ROLL CALL

DATE \_\_\_\_\_

February 9, 1995

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## TESTIMONY IN SUPPORT OF HOUSE BILL 144

Montana Department of Revenue  
February 9, 1995

House Bill 144 is at the request of the Montana Department of Revenue. The Legislative Auditor suggested that the Department seek repeal of Section 15-1-105, MCA, in it's recent audit report. The Departmet concurred in this recommendation. The statute provides as follows:

**15-1-105. Fines and forfeitures to county.** All fines, forfeitures, and penalties incurred by a violation of any of the provisions of the state tax laws, except those paid to a justice's court, must be paid into the treasury for the use of the county where the person against whom the recovery is had resides.

This section of law was originally enacted in 1891 as part of the original property tax in Montana. It made some sense as part of a property tax system since the taxes were collected by the counties from county residents. However, the current placement of this statute makes it apply to all Montana taxes including those collected by the state. It makes no sense to have penalties collected by the state on state taxes go to the county where the taxpayer resides. This has never been the practice. In fact, the Department only became aware of this statute and it's potential effect on state taxes as a result of the audit.

The Legislative Auditor recommended repealing this statute because it is no longer of any use. It makes no sense to apply it to state taxes. In the case of county taxes, the county already receives penalties, fines and forfeitures. The counties do not need this statute in order to continue the present practice.

If you have any questions, we would be happy to answer them.

DATE February 9, 1995

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: HB 144 Rep. Harrington  
SB 213 Senator Wilson

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PLEASE PRINT

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Check One

Name	Representing	Bill No.	Support	Oppose
Dick Baumbarger	Disabled Am. Vets	213	X	
HAL MANSON	AMERICAN LEGION	213	X	
Dave Woodgerd	DOR	HB 744	X	
Larry Longfellow	VFW	213	X	

### VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY