

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN GERRY DEVLIN, on January 23, 1997, at 8:00 a.m., in Room 413.

ROLL CALL

Members Present:

Sen. Gerry Devlin, Chairman (R)
Sen. Mike Foster, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Bob DePratu (R)
Sen. Dorothy Eck (D)
Sen. Wm. E. "Bill" Glaser (R)
Sen. Mike Sprague (R)
Sen. Barry "Spook" Stang (D)
Sen. Fred R. Van Valkenburg (D)

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Services Division
Renée Podell, Committee Secretary

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 184; SB 199
Executive Action: SB 127 (DPAA);
SB 134 (Discussion only)

HEARING ON SB 199 AND SB 184 (IDENTICAL BILLS)

{Tape: 1; Side: A; Approx. Time Count: 1.7; Comments: Hearing opened on SB 199.}

Sponsor: SEN. STEVE DOHERTY, SD 24, GREAT FALLS (SB 199)
SEN. MIKE FOSTER, SD 20, TOWNSEND (SB 184)

Proponents:

SEN. VIVIAN BROOKE, SD 33, MISSOULA
Vernon Bertelsen, Montana Senior Citizens' Association

Opponents: None

Opening Statement by Sponsor:

SEN. STEVE DOHERTY, SD 24, GREAT FALLS indicates SB 199 is an act that would allow an income tax credit for day care or elder care expenses. This promotes families staying together. He believes the tax credit is a better idea than a deduction.

{Tape: 1; Side: A; Approx. Time Count: 4.9; Comments: Hearing opened on SB 184.}

Opening Statement by Sponsor:

SEN. MIKE FOSTER, SD 20, TOWNSEND indicates this bill was brought before the Committee last session. SB 184 says the current situation, which allows a deduction for day care or elder care, isn't reaching the people who need it; the entire deduction for the State of Montana is about \$65,000. This is a credit on the Federal tax forms; this will bring consistency and will allow more Montanans to benefit. The cost would be approximately \$2 million per year.

Proponents' Testimony:

Vernon Bertelsen, Montana Senior Citizens' Association says their primary concern is the tax credit for dependent care of seniors, but they recognize the value of the credit for the care of children, as well. Senior citizens urge support of the bill.

SEN. VIVIAN BROOKE, SD 33, MISSOULA

EXHIBIT 1

SEN. BROOKE comes to the Committee as the Chair of the Joint Oversight Committee on Children and Families. Due to the restructuring of families, it is a top priority to assist people with child and elder care. She encourages support of both bills.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. SPRAGUE inquires of Bob Turner, Department of Revenue if a non-parent can deduct child care expenses under current law. Mr. Turner indicates they can if they have a dependent who qualifies. SEN. SPRAGUE asks if a grandparent pays for the child care of his/her grandchild who is the child of a single parent, can the grandparent take a deduction. Mr. Turner says no.

CHAIRMAN GERRY DEVLIN asks SEN. BROOKE how this would help build child care homes. Are we changing the regulations? SEN. BROOKE refers to page 1, line 17 which talks about people who operate day care centers qualifying for the credit if they care for their own child as part of the center.

Closing by Sponsor:

SEN. DOHERTY thinks this is a good way to spend money in this session; this says the Legislature has a policy of trying to ensure we take care of our kids and our seniors and that we're willing to spend the money to do so.

SEN. FOSTER agrees this is an opportunity to reach the people who can benefit most. The comments the fiscal note reflects a 100% credit compared to the Federal credit; if the Committee is uncomfortable with the \$4 million hit, the percentage could be lowered.

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SEN. MIKE SPRAGUE asks what the procedure is when there are two identical bills. SEN. ECK responds the Legislative Council will deal with it if they are asked to do so. CHAIRMAN DEVLIN says usually they catch the duplication but sometimes they are too busy to catch it.

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EXECUTIVE ACTION ON SB 127

{Tape: 1; Side: A; Approx. Time Count: 21.6; Comments: None.}

MOTION: SEN. MACK COLE MOVED AMENDMENTS 12701.ajm EXHIBIT 2

EXPLANATION OF AMENDMENTS: Jeff Martin explains the amendment changes the name of the guide that's used to track farm equipment.

VOTE: MOTION TO ADOPT AMENDMENTS 12701 CARRIED UNANIMOUSLY.

MOTION: SEN. COLE MOVED SB 127 DO PASS AS AMENDED.

DISCUSSION:

SEN. COLE: This bill was held back; we looked at the old guide and called a couple of counties and a couple of farm dealers. They don't have a problem with the bill.

SEN. BARRY STANG: The Department of Revenue should have brought the issue before the Revenue Oversight Committee.

CHAIRMAN GERRY DEVLIN: Why wasn't it brought before the Revenue Oversight Committee? Mr. Wilke, Department of Revenue, responds there isn't any other guide, so it was a moot point.

SEN. BOB DEPRATU: This is a legitimate vehicle, but he understands the concerns with protocol.

VOTE: MOTION THAT SB 127 DO PASS AS AMENDED CARRIED UNANIMOUSLY.

BRIEF DISCUSSION OF THE REVENUE OVERSIGHT COMMITTEE

DISCUSSION OF SB 134:

EXHIBITS 3 & 4

{Tape: 1; Side: A; Approx. Time Count: 37.0; Comments: None.}

Jeff Martin explains the Attorney General's Opinion relative to the emergency levy process, I-105. The hospital district situation is different because it hasn't gone through the emergency levy process.

SEN. DOROTHY ECK suggests it might be better to go ahead and pass this bill because it would clarify the issues.

SEN. MIKE FOSTER explains the creation of a hospital district is done by a vote of the people.

Jeff Martin adds there are actually two levies involved; one is a permissive levy of 3 mills, the other is a voted levy of an additional 3 mills.

SEN. FRED VAN VALKENBURG comments that hospital districts that are already in existence aren't affected.

CHAIRMAN GERRY DEVLIN notes there are approximately 14 existing hospital districts in Montana.

SEN. GLASER has concerns about the exception for the "little guy," inquiring how big is the exception.

SEN. FOSTER understands the concern but believes this will help the rural areas and have no impact on urban areas.

SEN. BOB DEPRATU comments the language could be amended to indicate application only to a hospital district with a 50-bed or less capacity.

SEN. FOSTER comments there can be large counties with both a rural and an urban hospital.

Jeff Martin will look at the process in Title 7, MCA.

ADJOURNMENT

Adjournment: 8:50 a.m.



SEN. GERRY DEVLIN, Chairman



RENEE PODELL, Secretary



MEG ANGELL, Transcriber

GD/ma