

MINUTES

**MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on January 28, 1997, at 8:03 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
Renee 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 194
Executive Action: SB 134 (No final action taken)
SB 57 (DPAA);
SB 151 (DPAA)

EXECUTIVE ACTION: SB 134 (No final action taken)

{Tape: 1; Side: A; Approx. Time Count: .7; Comments: None.}

DISCUSSION:

CHAIRMAN GERRY DEVLIN explains the bill was brought by **SEN. LINDA NELSON**. He says he visited with her yesterday; she said the County Attorney's idea was that this wouldn't have to have a vote. Committee is being asked to consider taking the vote out of the bill.

SEN. MACK COLE asks if this has ever been voted on before. **SEN. BOB DEPRATU** responds they had been voting every year and it had

been costing money every year so they wanted to put it back to a one time vote of the people.

MOTION: SEN. MIKE FOSTER MOVED SB 134 DO PASS AS IS, NOT INTERESTED IN AMENDING IT TO GET RID OF THE VOTE.

CHAIRMAN DEVLIN explains that is not what the sponsor and the County Attorney want.

SEN. VAN VALKENBURG indicates his understanding is the sponsor doesn't object to having a one time vote, but the every year vote is what they are trying to avoid.

SEN. MIKE FOSTER WITHDREW HIS MOTION.

SEN. MIKE SPRAGUE requests **Jeff Martin** explain what it means. **Jeff Martin** says he's confused by the whole issue; he reads from 734-21-33 and 34, MCA. He will call the County Attorney to clarify.

SEN. MIKE FOSTER states there is one instance where there is a large and a small hospital in the same district - Kalispell and Whitefish. If we amend, it would exclude Whitefish.

CHAIRMAN DEVLIN indicates the Committee will not take Executive Action on this bill without further clarification.

{Tape: 1; Side: A; Approx. Time Count: 12.6; Comments: None.}

EXECUTIVE ACTION ON SB 57

{Tape: 1; Side: A; Approx. Time Count: 14.7; Comments: None.}

MOTION: SEN. MACK COLE MOVED SB 57 DO PASS.

EXPLANATION OF AMENDMENTS: **Jeff Martin** **EXHIBIT 1**
The amendments (5701.ajm) clarify that heavy trucks used in the making of motion pictures or commercials are exempt for the first 180 days; afterwards, they are subject to prorated taxes.

MOTION: SEN. COLE MOVED THE AMENDMENTS

DISCUSSION:

SEN. BARRY STANG intends to vote against the amendments as he doesn't like the movie industry getting a break.

SEN. MIKE FOSTER asks what we're trying to be consistent with. **Jeff Martin** responds that under current law any vehicle used by someone making a movie or commercial is exempt for first 180 days; this clarifies same exemption as property tax structure.

CHAIRMAN DEVLIN asks if there is any other industry that gets this break. Jeff Martin says he is not aware of others. SEN. STANG thinks the oil industry falls under a bill that prorates for the amount of time in the state; can apply for a refund of taxes.

CHAIRMAN DEVLIN inquires of Dave Galt, Department of Transportation. Mr. Galt says currently they have to go to the County Treasurer and pay the taxes; if they leave before the year is up they can apply for a refund.

SEN. MIKE SPRAGUE asks what other states do. Mr. Galt responds he doesn't know, but reminds the Committee that other states have a sales tax which would affect this. Mary Whittinghill, Department of Revenue indicates she does not know how it works in other states. SEN. DOROTHY ECK comments if we are going to do anything to exclude the movie industry we should let the Department of Commerce know, as they were in strong support of this in the many hearings held previously on this issue.

SEN. FOSTER comments we need to be consistent, so will support the amendment.

VOTE: MOTION CARRIED 7-2 with SEN. STANG and CHAIRMAN DEVLIN voting no.

MOTION: SEN. COLE MOVED SB 57 AS AMENDED.

DISCUSSION:

SEN. COLE: Good idea; good support of Revenue Oversight Committee.

SEN. DEPRATU: Levels it out, makes it easy to pay.

SEN. STANG: Consistent.

SEN. FRED VAN VALKENBURG: Spreads the money around the state; Missoula County is the one with biggest negative impact.

VOTE: MOTION CARRIED UNANIMOUSLY.

HEARING ON SB 194

{Tape: 1; Side: A; Approx. Time Count: 31.5; Comments: None.}

Sponsor: SEN. THOMAS KEATING, SD 5, BILLINGS

Proponents:

Brenda Nordlund, Department of Justice

Opponents:

Dave Woodgerd, Department of Revenue

Opening Statement by Sponsor:

SEN. THOMAS KEATING, SD 5, BILLINGS: This bill deals with license plates for vehicles for workers who come from other states to do jobs here. The law requires that they have both sets of plates on the vehicle which is cumbersome and difficult. The pipeline people are the ones who asked him to carry the bill. The bill will allow for payment of license fee and receipt of a decal for the vehicle.

Proponents' Testimony:

Brenda Nordlund, Department of Justice

EXHIBIT 2

The Department of Justice supports the bill with an amendment which allows for coordination with SB 57.

Opponents' Testimony:

Dave Woodgerd, Department of Revenue indicates the Department opposes the bill as written; he says without the amendments the bill is unconstitutional as it taxes property that's not in state.

Informational Testimony: None

Questions From Committee Members and Responses:

{Tape: 1; Side: B; Approx. Time Count: 7.4; Comments: None.}

CHAIRMAN DEVLIN asks **SEN. KEATING** if he knew of the amendments. **SEN. KEATING** says he found out about them just before he presented the bill.

SEN. STANG asks **SEN. KEATING** what the basic intent of the bill is, and questions the personal property issue. **SEN. KEATING** says it allows for a decal instead of a license plate; the mechanism is already in place. The personal property issue doesn't generate enough revenue to make it worthwhile for dealing with the paperwork.

CHAIRMAN DEVLIN asks **SEN. KEATING** if the main thing is getting the decal. **SEN. KEATING** responds it is.

COMMITTEE DISCUSSION OF LANGUAGE - word "foreign." - Current usage, leave alone.

COMMITTEE DISCUSSION OF "UNLESS" - Current law.

CHAIRMAN DEVLIN requests **SEN. KEATING** provide the committee with information regarding how much is paid back in refunds. **SEN. STANG** requests a breakdown on vehicle and personal property taxes refunds.

Closing by Sponsor: **SEN. KEATING** closes indicating he hopes the Committee will give a DO PASS to the major part of the bill which would allow for the decals.

EXECUTIVE ACTION ON SB 151

{Tape: 1; Side: B; Approx. Time Count: 31.1; Comments: None.}

MOTION: SEN. MACK COLE MOVED SB 151 DO PASS.

EXPLANATION OF AMENDMENTS 15101.ajm

EXHIBIT 3

Jeff Martin notes these are technical amendments only; prevents a double deduction for premiums paid,

MOTION: SEN. MIKE SPRAGUE MOVED THE AMENDMENTS

DISCUSSION:

SEN. DOROTHY ECK: What is impact of amendments on the fiscal note? Jeff Martin indicates no impact.

VOTE: MOTION CARRIED UNANIMOUSLY.

MOTION: SEN. COLE MOVED DO PASS AS AMENDED.

DISCUSSION:

SEN. COLE: The reason for the requested DO PASS has to do with fairness to all insurers relative to a full deduction.

SEN. ECK: Likes the bill, but not the fiscal note.

SEN. WILLIAM GLASER: The real question is whether or not the less organized, more independent people involved in trade in Montana should subsidize by the fact that they're paying more taxes versus the more organized businesses, the governments, the University systems, the organized unions which get a subsidy from the people who are independent.

SEN. BOB DEPRATU: This helps bring trustworthiness back into government.

SEN. FRED VAN VALKENBURG: Given the motion, there is no contingent voidness on this bill. This proposal is not part of the executive budget; it's not part of a comprehensive approach to the issue of health care. State might benefit somehow in the managed care area.

SEN. ECK: Remarks remind her of debate of how we look at the whole scheme of credits and deductions. This is an important bill; would make more sense if it were considered along with other bills which address the needs of those people who can't afford to get any health insurance at all. Assume this bill, if passed, will be considered in a broader context.

CHAIRMAN DEVLIN: Will resist the motion based on the fiscal note; very uncomfortable with the price.

SEN. COLE: The people with the smallest voice end up paying; I will support the motion.

VOTE: MOTION CARRIED 5-3 with CHAIRMAN DEVLIN, SEN. GLASER and SEN. VAN VALKENBURG voting no, and SEN. FOSTER not voting.

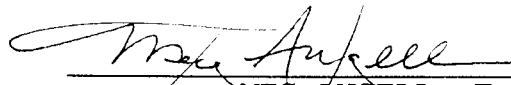
CHAIRMAN DEVLIN requests the Committee be at the Scott Hart Auditorium at 8:00 a.m. tomorrow for the presentation on the deregulation of utilities, a joint venture with House Taxation Committee.

ADJOURNMENT

Adjournment: 9:48 a.m.


SEN. GERRY DEVLIN, Chairman


RENEE PODELL, Secretary


MEG ANGELL, Transcriber

GD/ma