

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on February 7, 1997, at 8:01 a.m., in Room 415.

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:

Members Absent:

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: HB 148, HB 171, (date posted 1/21/97)

Executive Action: HB 70, BCC; HB 148, BCC; HB 86, BCC; HB 171, BCCAA; SB 199, Table; HB 82, BCC

HEARING ON HB 171

Sponsor: REP. BOB RANEY, HD 26, LIVINGSTON

Proponents: Judy Hanson, Department of Environmental Quality
John Tubbs, Department of Natural Resources and Conservation

Opponents: None

Opening Statement by Sponsor:

REP. BOB RANEY, HD 26, LIVINGSTON explains that HB 171 is at the request of the Legislative Finance Committee. This bill changes what is presently a biennial appropriation into an annual appropriation for the grant programs. The reason for this change is to improve the cash flow. He reports currently the grant money isn't distributed until a year later. The language changing this is on page 2, line 5-8. Lines 17-18 addresses accounts that wanted to remain biennial. The rest of the underlining language in the bill straightens out the language in existing law. This bill addresses the cash flow in four accounts.

{Tape: 1; Side: A; Approx. Time Count: 8:05; Comments: None.}

Proponents' Testimony:

Judy Hanson, Department of Environmental Quality urges a do pass on this bill. A number of our programs are funded out of these accounts and it will alleviate some cash flow issues for the department.

John Tubbs, Department of Natural Resources and Conservation announces he supports this bill. Moving to an annual allocation for grants doesn't impose a burden on us and helps DEQ manage their cash deposits reports **Mr. Tubbs**.

Opponents' Testimony: None

{Tape: 1; Side: A; Approx. Time Count: 8:08; Comments: None.}

Questions From Committee Members and Responses:

SEN. MIKE SPRAGUE states once this kicks in it seems like there would be a surge of cash flow. **SEN. SPRAGUE** asks **Ms. Hanson** to define how the grant programs currently exist on a biennial appropriation with the other percentage of allocation that is distributed to the agencies is an annual appropriation. —**Ms. Hanson** affirms overall amount of distribution of approximately \$10 million is received by the agencies during the whole biennium, however, they only get between \$2-3 million the first year of distribution and \$7-8 million the second year. The cash flow for the first year really doesn't come until the second year.

SEN. MIKE FOSTER asks if there is any relationship between this bill and SB 7 that is in the House now? **Mr. Tubbs** comments that the only relationship is that it deals with some of the same accounts. This bill would not affect the metal mines tax period, it is only for RIT interest.

SEN. FOSTER notes that SB 7 also affected the RIT. **Jeff Martin, LFD** explains that all this does is provide for the allocation of the interest from the RIT account.

CHAIRMAN DEVLIN asks if this had unanimous approval when it came out of the Legislative Finance Committee? **REP. RANEY** reports it was unanimous in committee and House Taxation and almost unanimous on the House floor. **SEN. SPOOK STANG** points out that the title of the bill needs to be corrected to read ground water assessment interest earnings. **Mr. Martin** agrees the title will need to be amended.

{Tape: 1; Side: A; Approx. Time Count: 8:11; Comments: None.}

Closing by Sponsor:

REP. RANEY closes the hearing.

{Tape: 1; Side: A; Approx. Time Count: 8:12; Comments: None.}

EXECUTIVE ACTION ON HB 70

Motion/Vote: **SEN. FOSTER MOVES HB 70 BE CONCURRED IN. THE MOTION CARRIED UNANIMOUSLY.**

{Tape: 1; Side: A; Approx. Time Count: 8:13; Comments: None.}

HEARING ON HB 148

Sponsor: **REP. DAN HARRINGTON, HD 38, BUTTE**

Proponents: **Don Hoffman, Department of Revenue**

Opponents: **None**

Opening Statement by Sponsor:

REP. DAN HARRINGTON, HD 38, BUTTE announces that HB 148 is at the request of the Department of Revenue (DOR). This bill eliminates the requirement of the DOR to include inheritance tax matters in its biennial report to the Governor and legislature. **REP. HARRINGTON** reports this is a clean-up bill and urges the committee to give it a do pass vote.

{Tape: 1; Side: A; Approx. Time Count: 8:14; Comments: None.}

Proponents' Testimony:

Don Hoffman, DOR declares this bill eliminates the requirements for the DOR to report in the biennial report certain activities related to inheritance tax information and particularly makes reference to Title 72, Chapter 16, Section 202. **Mr. Hoffman** remarks this is an antiquated law that needs to be eliminated.

Opponents' Testimony: None

{Tape: 1; Side: A; Approx. Time Count: 8:16; Comments: None.}

Questions From Committee Members and Responses:

CHAIRMAN DEVLIN asks what year was this put into law? Mr. Hoffman responds it was originally put into law in 1923.

SEN. FOSTER declares the information that is given to the Revenue Oversight Committee regarding inheritance taxes is not based on what has been in the statutes. Mr. Hoffman comments that SEN. FOSTER is correct. He states the department has not been providing this type of information because it hasn't been a problem. The inheritance tax revenue information will continue to be reported as part of the biennial report and would not be affected by this.

SEN. SPRAGUE asks Mr. Hoffman to explain language on Page 2, Line 6-8. Mr. Hoffman reports the language exists for comparison with surrounding states.

Closing by Sponsor:

REP. HARRINGTON closes the hearing.

{Tape: 1; Side: A; Approx. Time Count: 8:20; Comments: None.}

EXECUTIVE ACTION ON HB 148

Motion/Vote: SEN. SPRAGUE MOVES HB 148 BE CONCURRED IN. THE MOTION CARRIED UNANIMOUSLY. SEN. STANG will carry this bill.

{Tape: 1; Side: A; Approx. Time Count: 8:21; Comments: None.}

EXECUTIVE ACTION ON HB 86

CHAIRMAN DEVLIN questions how long the individual has to keep these receipts stating he was told by the gentleman that testified for the Department of Transportation that receipts must be kept three years. The five year idea came from the Department of Revenue but this doesn't fall under their jurisdiction.

SEN. BILL GLASER reports that the DOR does look back when a farmer has a current year crop failure and that they even are quite forgiving the first year as long as this is a legitimate farmer. SEN. GLASER comments that based on that he feels we'll be alright.

Motion: SEN. MACK COLE MOVES HB 86 BE CONCURRED IN.

Discussion: SEN. VAN VALKENBURG states this bill does not change anything as far as taxpayers are concerned regarding their credit eligibility noting it only simplifies the process by which they

obtain those credits. **CHAIRMAN DEVLIN** comments that is the way he understands it.

Vote: THE MOTION CARRIED UNANIMOUSLY.

{Tape: 1; Side: A; Approx. Time Count: 8:25; Comments: None.}

EXECUTIVE ACTION ON HB 171

Motion/Vote: SEN. VAN VALKENBURG MOVES THE TITLE OF HB 171 BE AMENDED ACCORDING TO THE BODY OF THE BILL. THE MOTION CARRIED UNANIMOUSLY.

Motion/Vote: SEN. VAN VALKENBURG MOVES HB 171 BE CONCURRED IN AS AMENDED. THE MOTION CARRIED UNANIMOUSLY. SEN. VAN VALKENBURG will carry this bill.

{Tape: 1; Side: A; Approx. Time Count: 8:28; Comments: None.}

EXECUTIVE ACTION ON SB 199

Motion/Vote: SEN. SPRAGUE MOVES SB 199 BE TABLED. THE MOTION CARRIED UNANIMOUSLY.

{Tape: 1; Side: A; Approx. Time Count: 8:30; Comments: None.}

EXECUTIVE ACTION ON HB 82

Motion/Vote: SEN. STANG MOVES HB 82 BE CONCURRED IN. THE MOTION CARRIED UNANIMOUSLY. SEN. STANG will carry this bill.

EXECUTIVE ACTION ON SB 194

Mr. Martin explains that the Department of Justice brought up the need for coordination instruction with SB 57. There were some changes made to 61-3-701.

Motion: SEN. DOROTHY ECK MOVES SB 194 BE AMENDED WITH THE DEPARTMENT OF JUSTICE AMENDMENTS.

Discussion: **CHAIRMAN DEVLIN** comments he is a little uncomfortable with this. **Mr. Martin** maintains that SB 57 is the bill that revises the taxation of motor vehicles, putting a 2% tax on the depreciated value of MSRP and the fee system on heavy trucks.

SEN. ECK asks if there is coordinating language in the bill. **Mr. Martin** responds that there is no coordinating language in either the bill or amendments.

SEN. SPRAGUE asks how this bill codifies with the act we are about to take on the movie industry exempt vehicles? **Mr. Martin** explains that vehicles are under a separate provision of law and are exempt for the first 180 days. **SEN. SPRAGUE** questions **Mr.**

Martin if he sees a problem codifying with that since this would be an exception to this bill. **Mr. Martin** explains motor vehicles for the movie and the TV commercial industry are separate from the elements in this bill.

SEN. VAN VALKENBURG states it would be easier for us to understand this if we adopt the amendments and ask that a gray bill be printed that incorporates these amendments before we act on the bill as a whole.

Motion: **SEN. ECK AMENDS HER MOTION TO AMEND SB 194 TO INCLUDE THE COORDINATION WITH SB 57 LANGUAGE.**

Discussion: **CHAIRMAN DEVLIN** insists he is a little uncomfortable with this because it seems like a lot of wording to put a sticker on the window showing you've paid your taxes.

SEN. GLASER suggests that the staff person provide a copy of the amended bill as soon as possible to **SEN. KEATING** so he can review it. **CHAIRMAN DEVLIN** says he will talk with **SEN. KEATING**.

Vote: **THE MOTION TO AMEND SB 194 CARRIED UNANIMOUSLY.**

ADJOURNMENT

Adjournment: 8:40 a.m.


SEN. GERRY DEVLIN, Chairman


RENEE PODELL, Secretary

GD/rp