

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN GERRY DEVLIN, on March 17, 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)

Members Excused: Sen. Fred R. Van Valkenburg (D)

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 389
Executive Action: HB 532 (BCI);
HB 444 (TABLED)

HEARING ON SB 389

{Tape: 1; Side: A; Approx. Time Count: .2; Comments: None.}

Sponsor: SEN. LARRY BAER, SD 38, BIGFORK

Proponents:

Alex Hansen, Montana League of Cities and Towns

Opponents: None

Opening Statement by Sponsor:

SEN. LARRY BAER, SD 38, BIGFORK introduces the bill as an act establishing tax credits to offset the effects of the 1996 property tax reappraisal. This bill doesn't apply unless the other property tax relief bills fail to neutralize the increase threatened by the reappraisal. This allows for an income tax credit. The fiscal note numbers don't reflect that they are used based upon their assumption that SB 195, SB 319, SB 211 and others are all going to fail, leaving us with the total assessment tax increase falling on this bill. He refers to the bill as the "property taxpayer's preservation insurance bill."

AMENDMENTS 38901.ADB

EXHIBIT 1

Proponents' Testimony:

Alex Hansen, Montana League of Cities and Towns thinks **SEN. BAER** is on the right track with this bill. This bill connects authority and responsibility; the relief in this bill goes to the taxpayers. The idea of a tax credit is one element of the tax system that deserves to be studied and considered.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. DOROTHY ECK asks if a vacation home would be eligible. **SEN. BAER** responds the second home should also receive an offsetting credit. **SEN. ECK** then asks regarding rental property. **SEN. BAER** says the renter can anticipate an increase in rent; if this bill passes the renter won't have to worry about an increase.

SEN. GLASER inquires of **Mr. Hoffman, Department of Revenue**, if I-105 was written in such a way that the increase in appraised value is exempt from I-105. **Mr. Hoffman** agrees that is correct. **SEN. GLASER** asks for clarification on the fiscal note, stating we need to be sure about it. **Mr. Hoffman** states he's not sure.

SEN. BOB DEPRATU asks **SEN. BAER** how this would affect new construction. **SEN. BAER** indicates new construction is not exempted.

SEN. MIKE SPRAGUE wonders if this bill applies only to real property. **SEN. BAER** indicates that's true.

SEN. ECK asks if an apartment house owner living out of state gets the credit. **SEN. BAER** answers in the affirmative.

Closing by Sponsor:

SEN. BAER closes stating this bill is just like insurance - it's better to have it. This is a safety mechanism; the people of Montana will thank you for your support.

EXECUTIVE ACTION ON HB 532

{Tape: 1; Side: A; Approx. Time Count: 27.0; Comments: None.}

MOTION/VOTE: SEN. DOROTHY ECK MOVED HB 532 BE CONCURRED IN.
MOTION CARRIED UNANIMOUSLY. (SEN. HARGROVE will carry the bill.)

EXECUTIVE ACTION ON HB 444

{Tape: 1; Side: A; Approx. Time Count: 29.1; Comments: None.}

REVISED AMENDMENT 44402.ajm

EXHIBIT 2

Jeff Martin explains the amendments don't include the proposed amendment to change the effective date. These amendments ensure that someone who purchases a vehicle/trailer out of state and brings it in state will not be entitled to the change in the manufacturer's year being the designated model year.

DISCUSSION:

SEN. DOROTHY ECK has a problem with the concept of taxing at such a low rate on vehicles that are so expensive.

SEN. BOB DEPRATU comments most of the people in his area who own expensive motorhomes go to Oregon to get licensed to save money.

SEN. MIKE SPRAGUE asks what is the effect of July 1 with the vehicles. **Mr. Martin** responds the effect of this bill will not be felt until 2-3 years.

CHAIRMAN GERRY DEVLIN is concerned about the effective date being in the middle of the year. **Mr. Martin** refers to 1-2-201 (1) (c) which takes care of the issue.

SEN. BARRY STANG agrees with **CHAIRMAN DEVLIN**.

SEN. GLASER won't support the bill; he's tired of "angry" legislation.

SEN. SPRAGUE believes "angry" can be good; it's society's prerogative.

MOTION/VOTE: SEN. MIKE SPRAGUE MOVED THE AMENDMENTS 44402 WITH THE EFFECTIVE DATE BE CHANGED TO JANUARY 1. MOTION CARRIED 7-1 with SEN. DEVLIN voting no and SEN. VAN VALKENBURG not voting.

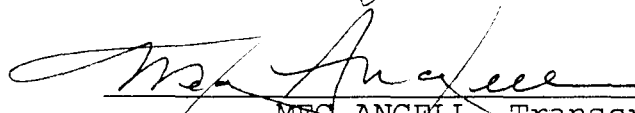
MOTION/VOTE: SEN. WILLIAM GLASER MOVED HB 444 BE TABLED. MOTION CARRIED 6-2 with SEN. DEPRATU and SEN. SPRAGUE voting no and SEN. VAN VALKENBURG not voting.


ADJOURNMENT

Adjournment: 8:52 a.m.


SEN. GERRY DEVLIN, Chairman


RENEE PODELL, Secretary


MEG ANGELL, Transcriber



GD/ma