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House BILL NO. 590

June

INTRODUCED BY

Amiel Julia Swanson Simpkins W Ryan

Mercer

Sliter Sprague Joe Boy Wells Rose

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A BLUE RIBBON TASK FORCE TO EXAMINE ALL ASPECTS OF TAXATION IN MONTANA AND TO MAKE RECOMMENDATIONS TO THE GOVERNOR AND THE LEGISLATURE ON SHORT-TERM AND LONG-TERM TAX POLICY STRATEGIES; ESTABLISHING A STATE SPECIAL REVENUE ACCOUNT; PROVIDING A GENERAL FUND APPROPRIATION OF \$150,000;

AUTHORIZING ADDITIONAL SPENDING OF NONGENERAL FUND REVENUE; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

WHEREAS, Initiative Measure No. 105, approved by the electorate in 1986, directed the Legislature to reform property taxes; and

WHEREAS, the Legislature has interpreted that directive to include general tax reform; and

WHEREAS, legislation that would provide tax reform has been considered in every legislative session since the enactment of Initiative Measure No. 105; and

WHEREAS, the 52nd Legislature directed the Revenue Oversight Committee to study all aspects of taxation in Montana; and

WHEREAS, the Revenue Oversight Committee did not reach consensus on general tax reform; and

WHEREAS, the 53rd Legislature referred to the electorate Senate Bill No. 235, a measure that would have imposed a general sales tax and would have provided significant property tax and income tax relief; and

WHEREAS, the Montana electorate overwhelmingly rejected Senate Bill No. 235; and

WHEREAS, the 53rd Legislature enacted House Bill No. 671, a measure that would have simplified the individual income tax structure and would have provided income tax relief to certain taxpayers; and

WHEREAS, subsequent to a petition for a referendum, the Montana electorate also rejected that measure; and

WHEREAS, the Montana electorate narrowly rejected measures that would have limited the Legislature's ability to raise taxes or increase expenditures; and

WHEREAS, many of Montana's citizens believe that the state's tax structure impedes economic development; and

1 WHEREAS, many of Montana's citizens also believe that the state's tax structure is unfair to  
2 individuals; and

3 WHEREAS, none of the tax reform proposals has addressed the public's vision of tax reform; and

4 WHEREAS, a broad-based public discussion of the appropriate tax policy of the state has not  
5 occurred; and

6 WHEREAS, a public forum must be established to involve a wide variety of interests if significant  
7 tax reform is ever to be achieved in Montana.

8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10

11 NEW SECTION. **Section 1. Task force -- purpose.** (1) There is a blue ribbon Montana tax policy  
12 task force (task force) to study all aspects of taxation in Montana and to make findings regarding the  
13 burden of state and local taxation borne by various segments of the state's economy and by various  
14 categories of individual taxpayers. The task force in its study shall consider but not limit itself to:

15 (a) the existing sources and levels of taxation, with particular attention given to the classification  
16 of property and the taxable percentages applied to that property, and an evaluation of the sources and  
17 levels of taxation;

18 (b) the relationship between federal income tax laws and state income tax laws and the impact of  
19 federal tax laws on the state;

20 (c) the relative portion of the total amount of taxes that is collected from each segment of the  
21 business community and each category of individual taxpayer;

22 (d) the impact of state and local taxation on economic development;

23 (e) the relationship between taxes and the revenue needs of the state and local governments;

24 (f) the relationship between tax burden, ability to pay, and benefits received from government; and

25 (g) alternative methods of taxation from existing sources as well as new sources of revenue and  
26 an evaluation of the alternative methods and new sources.

27 (2) Based on the findings pursuant to the study required under subsection (1), the task force shall  
28 develop recommendations for 2-year, 10-year, and 25-year tax policy strategies for Montana.

29 (3) The task force, in its deliberations, shall solicit the knowledge and advice of economists, tax  
30 policy experts, representatives of tax reform coalitions, local governments, small business organizations,

1 large industries, agriculture, the Montana chamber of commerce, appropriate state agencies, and the  
2 general public.

3 (4) The task force is allocated to the department of commerce for administrative purposes only as  
4 provided in 2-15-121.

5

6 **NEW SECTION. Section 2. Membership -- appointment -- vacancies.** (1) The task force is  
7 composed of the following members:

8 (a) eight members appointed by the governor, who are broadly representative of taxpayer groups,  
9 business and industry, labor organizations, and consumers of governmental services.

10 (b) four members of the house of representatives, of which no more than two may be of the same  
11 political party, appointed by the speaker of the house; and

12 (c) four members of the senate, of which no more than two may be of the same political party,  
13 appointed by the committee on committees.

14 (2) Task force members must be appointed and designated no later than July 15, 1995.

15 (3) The task force shall elect its presiding officer.

16 (4) A vacancy occurring on the task force must be filled in the same manner as the original  
17 appointment.

18

19 **NEW SECTION. Section 3. Remuneration.** (1) Each member of the task force, except the  
20 legislative members, is entitled to reimbursement for expenses as provided in 2-18-501 through 2-18-503.

21 (2) Each legislative member is entitled to compensation as provided in 5-2-301 and 5-2-302, as  
22 applicable.

23 (3) In addition to expenditures referred to in subsections (1) and (2), task force funds may be spent  
24 for staff support, contracted services, and other expenses required to fulfill the purpose and needs of the  
25 task force.

26

27 **NEW SECTION. Section 4. Meetings -- report to governor and legislature.** (1) The task force shall  
28 meet by September 15, 1995, and at the request of the presiding officer thereafter.

29 (2) The task force shall submit its findings and recommendations to the governor and the legislature  
30 on or before October 1, 1996.

1           **NEW SECTION. Section 5. Gifts and grants.** The task force may accept payments, contributions,  
2 gifts, and grants, in money or otherwise, for the purposes set forth in [section 1]. All payments, monetary  
3 contributions, gifts, and grants received by the task force must be deposited in an account in the state  
4 special revenue fund provided for in [section 6].

5  
6           **NEW SECTION. Section 6. Special revenue account.** There is an account in the state special  
7 revenue fund. The account consists of all payments, monetary contributions, gifts, and grants received  
8 by the task force.

9  
10           **NEW SECTION. Section 7. Appropriation -- funding.** (1) For the purposes of [sections 1 through  
11 6], there is appropriated to the department of commerce:

12           (a) \$150,000 from the general fund; and

13           (b) \$50,000 from the account provided for in [section 6].

14           (2) The appropriations provided for in subsection (1) are biennial appropriations.

15           (3) As provided in 17-2-108, the task force, to the extent possible, shall expend revenue  
16 appropriated in subsection (1)(b) before expending general fund money appropriated in subsection (1)(a).

17           (4) Funds appropriated to the department of commerce pursuant to subsection (1) but not  
18 expended prior to June 30, 1997, revert to the general fund.

19

20           **NEW SECTION. Section 8. Effective date.** [This act] is effective July 1, 1995.

21

22           **NEW SECTION. Section 9. Termination.** [This act] terminates June 30, 1997.

23

-END-

## 1 HOUSE BILL NO. 590

2 INTRODUCED BY FUCHS, SWANSON, SIMPKINS, RYAN, DENNY, BOHARSKI, FELAND, RANEY,  
3 WENNEMAR, MERCER, SLITER, HARPER, SPRAGUE, JORE, STORY, WELLS, ROSE, MCKEE, ELLIS,  
4 KITZENBERG, MCGEE, AHNER, L. SMITH, TASH, HARP, H. S. HANSON, MARSHALL, WISEMAN,  
5 DEVANEY, MILLS, DEVLIN, BROWN, REAM, KEATING, SIMON, COCCHIARELLA, HOLLAND,  
6 FORRESTER, PECK, CURTISS, SOMERVILLE, REHBEIN, EWER, GRINDE, OHS, CLARK, MASOLO,  
7 BARNETT, SOFT, HERRON, STOVALL, BOHLINGER, BERGMAN, FORBES, KEENAN, DEBRUYCKER,  
8 TAYLOR, VAN VALKENBURG, BRAINARD, T. NELSON, HIBBARD, KNOX, GRADY

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12 THE LEGISLATURE ON SHORT-TERM AND LONG-TERM TAX POLICY STRATEGIES; ESTABLISHING A  
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12 NEW SECTION. Section 2. Membership -- appointment -- vacancies. (1) The task force is  
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14 (a) eight members appointed by the governor, who are broadly representative of taxpayer groups,  
15 business and industry, labor organizations, and consumers of governmental services.

16 (b) four members of the house of representatives, of which ~~no more than two may~~ MUST be of  
17 ~~the same political party,~~ appointed by the speaker of the house AND TWO MUST BE APPOINTED BY THE  
18 HOUSE MINORITY LEADER; and

19 (c) four members of the senate, of which ~~no more than two may~~ MUST be of ~~the same political~~  
20 ~~party,~~ appointed by the ~~committee on committees~~ PRESIDENT OF THE SENATE AND TWO MUST BE  
21 APPOINTED BY THE SENATE MINORITY LEADER.

22 (2) Task force members must be appointed and designated no later than ~~July~~ MAY 15, 1995.

23 (3) The task force shall elect its presiding officer.

24 (4) A vacancy occurring on the task force must be filled in the same manner as the original  
25 appointment.

26 (5) THE LEGISLATIVE FISCAL ANALYST AND THE DEPARTMENT OF REVENUE SHALL PROVIDE  
27 STAFF ASSISTANCE.

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29 NEW SECTION. Section 3. Remuneration. (1) Each member of the task force, except the  
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1           (2) Each legislative member is entitled to compensation as provided in 5-2-301 and 5-2-302, as  
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3           (3) In addition to expenditures referred to in subsections (1) and (2), task force funds may be spent  
4 for staff support, contracted services, and other expenses required to fulfill the purpose and needs of the  
5 task force.

6  
7           NEW SECTION. SECTION 4. SCOPE. THE TASK FORCE MAY DEVISE A STRATEGY FOR  
8 OUTLINING THE SCOPE OF ITS STUDY AND PRIORITIZING ISSUES THAT IT WILL ADDRESS. IT MAY  
9 LIMIT ITS STUDY TO THE MOST IMPORTANT ISSUES. IF THE TASK FORCE LIMITS ITS STUDY, IT SHALL  
10 INCLUDE IN ITS REPORT TO THE GOVERNOR AND THE LEGISLATURE ANY PLAN FOR ADDRESSING THE  
11 REMAINING ISSUES.

12  
13           NEW SECTION. Section 5. Meetings -- report to governor and legislature. (1) The task force shall  
14 meet by ~~September~~ JULY 15, 1995, and at the request of the presiding officer thereafter.

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3 appropriated in subsection (1)(b) before expending general fund money appropriated in subsection (1)(a).

4 (4) Funds appropriated to the department of ~~commerce~~ REVENUE pursuant to subsection (1) but  
5 not expended prior to June 30, 1997, revert to the general fund.

6  
7 NEW SECTION. Section 9. Effective date. [This act] is effective ~~July 1, 1995~~ ON PASSAGE AND  
8 APPROVAL.

9  
10 NEW SECTION. Section 10. Termination. [This act] terminates June 30, 1997.

11 -END-