

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON INCOME/SEVERANCE TAX

Call to Order: By CHAIR BOB REAM on February 5, 1991, at 8:20 am.

ROLL CALL

Members Present:

Rep. Bob Ream, Chair (D)
Rep. Jim Elliott (D)
Rep. Mike Foster (R)
Rep. Bob Gilbert (R)
Rep. Marian Hanson (R)
Rep. Jim Madison (D)
Rep. Tom Nelson (R)
Rep. Bob Raney (D)
Rep. Barry Stang (D)

Members Absent: Rep. Bea McCarthy

Staff Present: Lisa Fairman, Committee Secretary

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

Announcements/Discussion:

CHAIR REAM announced John Ethan, Midwest Energy Resources Company, will be present tomorrow to answer questions and provide information about Montana's coal market. REP. MIKE FOSTER asked if the Department of Revenue (DOR) responded to questions asked at an earlier meeting concerning child care/baby sitter credit for individuals. Another question concerning DOR's determination of withholding was raised. CHAIR REAM stated the Department had not responded to the questions yet and he will ask them to have an answer for the next meeting. CHAIR REAM explained the role of the subcommittee. The subcommittee will discuss bills and arrive at executive action recommendations. The full Taxation committee will then consider the recommendations and conduct formal executive actions. He stated the subcommittee will take action on HB 321 today.

DISCUSSION ON HB 321

CHAIR REAM, sponsor of HB 321, stated the bill requires interests and penalties assessed and collected on certain taxes be deposited in the General Fund. He expressed he had no strong feelings either way for HB 321. The bill originated after a

Revenue Oversight Meeting. The State has the responsibility for auditing and ensuring people pay their taxes. In many states the penalties and interests go into the General Fund, not to the account it might be earmarked for. Unless the Legislature changes income taxes to earmark them to the Foundation Program, as of 1992, all income tax will go into the General Fund. Therefore, without earmarking changes, HB 321 will have no affect. If the Legislature earmarks income tax money it may become unclear if penalties and interests are included. This bill will clarify that aspect.

Motion: REP. JIM ELLIOTT MOVED HB 321 BE RECOMMENDED DO PASS.

Discussion: CHAIR REAM stated during the special session last year it was decided that 100% of income tax would go to the General Fund. Previously, a percentage went to the Foundation Program and the rest to the General Fund. REP. BOB RANEY said that it appears the Foundation is currently getting the interests and penalties plus the money appropriated from the General Fund. It seems HB 321 is needed in order for the Foundation Program to only get what is intended. CHAIR REAM added the bill will help to track monies.

Motion: REP. RANEY moved to discuss the amendments. EXHIBIT 1.

Discussion: REP. RANEY said the amendments appear to adjust the language so that it is consistent with Department jargon. CHAIR REAM added the amendments also clarify the bill applies for 1990 and 1991 and goes to 100% in 1992. REP. BOB GILBERT said the amendments clarify the process. The real intention of the bill is found in subsection 6. REP. JIM MADISON stated he did not find anything unusual about the amendments. REP. MARIAN HANSEN remarked the word "be" needs to be added after "shall" on line 3, subsection 6. A clerical could take care it.

Motion/Vote: REP. ELLIOTT moved to adopt amendments. Motion carried unanimously.

Motion/Vote: REP. ELLIOTT MOVED HB 321 BE RECOMMENDED DO PASS AS AMENDED. Motion carried unanimously.

ADJOURNMENT

Adjournment: 8:45 am.



BOB REAM, Chair



LISA FAIRMAN, Secretary

HOUSE OF REPRESENTATIVES

INCOME/SEVERANCE TAX SUBCOMMITTEE

ROLL CALL

DATE 2-5-99

NAME	PRESENT	ABSENT	EXCUSED
REP. JIM ELLIOTT	X		
REP. MIKE FOSTER	X		
REP. BOB GILBERT	X		
REP. MARIAN HANSON	X		
REP. BEA MCCARTHY		X	
REP. JIM MADISON	X		
REP. TOM NELSON	X		
REP. BOB RANEY	X		
REP. BOB REAM, VICE-CHAIR	X		
REP. BARRY STANG	X		
REP. DAN HARRINGTON, CHAIR			