

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION SUBCOMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BILL GLASER**, on April 6, 2001 at 5:00 P.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bill Glaser, Chairman (R)
Sen. Alvin Ellis Jr.,
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Linda Ashworth, Subcommittee Secretary

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

Committee Business Summary:

Hearing: HB 124

DISCUSSION ON HB 124

CHAIRMAN GLASER reported that the subcommittee would present its report to the Taxation Committee on Monday, April 9, 2001.

SEN. ALVIN ELLIS cited his belief that HB 124 should be amended with the four previously discussed amendments. He introduced an additional amendment proposed by **REP. JOHN ESP, (HB012411.alh) EXHIBIT (tas78b01)**. **Lee Heiman** explained the amendment would address the Drake Amendment, page 12, line 19. It would strike the words, "or less" and insert "or \$10,000, whichever is less". **SEN. ELLIS** reported that the value of the mill in several counties in the state would be significantly higher than in other counties.

SEN. EMILY STONINGTON clarified that the amendment would leave the language at one mill or \$10,000, whichever is less.

Lee Heiman stated his concerns that the bill coordinate with other bills. He contended he would prepare the amendments after the subcommittee had made its decisions.

Mr. Heiman submitted a policy and purpose clause, derived from information given to the subcommittee by **Gordon Morris, EXHIBIT (tas78b02)**. **SEN. STONINGTON** voiced her concerns that the statement would be cumbersome. She indicated that #2 would be the crux of the statement. **SEN. ELLIS** agree with **SEN. STONINGTON**, maintaining that #2 encapsulated the entire statement. He also felt the first sentence of section 3 should be included. **Mr. Heiman** agreed to make the changes.

SEN. STONINGTON submitted a graph to demonstrate the effect of the abbreviated version of HB 124, **EXHIBIT (tas78b03)**. She offered additional information on the concepts remaining in HB 124, **EXHIBIT (tas78b04)**.

SEN. ELLIS wondered about the rationale for rolling the TIF savings back into the reimbursements. **SEN. STONINGTON** reiterated the TIF savings had been previously committed to the local government. She maintained the commitment should be distributed in a pro-rata share to all local governments. She insisted the features would allow the communities growth without impacting the general fund.

CHAIRMAN GLASER suggested that the 3% growth be presented as a separate line item to the Taxation Committee. He expounded that policy decisions of this nature should be made by the full committee. **SEN. ELLIS** queried whether the policy growth would be discontinued after 2005. **SEN. STONINGTON** related that the growth would continue past 2005.

CHAIRMAN GLASER suggested the idea be presented to the committee as a pure reimbursement with the capping changes, leaving the growth issue as a separate line item. **SEN. STONINGTON** clarified that the growth issue was the same as additional reimbursements.

SEN. ELLIS contended he would be more comfortable with 3% growth if it followed HB 124 after 2005. He maintained the legislature would probably change it in future sessions. He argued that once the 3% growth factor would become law, anything less than 3% would be a cut. **SEN. STONINGTON** reiterated that her goal had been to optimize local government's growth without hammering the state general fund.

CHAIRMAN GLASER argued that the growth factor should be a separate decision. **SEN. STONINGTON** recommended that Terry Johnson redo the charts to show the totals and impacts in funding for each of the variations.

SEN. STONINGTON instructed the committee on proposed amendments that would address the growth factor and rolling the TIFs into reimbursements. She inferred a repealer must be included since the passage of HB 124 would void SB 176.

CHAIRMAN GLASER permitted **REP. BOB STORY** to question the committee regarding the proposed amendments. **REP. STORY** wondered how the funds would be distributed to the counties. **Lee Heiman** explained that the money would come into the general fund and be earmarked for separate entities.

REP. STORY wondered if the 54 million dollars would become a statutory appropriation. **SEN. STONINGTON** purported it would become a statutory appropriation entitlement share.

REP. STORY commented that the total of the reimbursements would be a new cost to the general fund. **SEN. ELLIS** clarified that the stripped down version would be more costly to the general fund than HB 124.

REP. STORY reminded the committee that HB 124 had not been a revenue bill on the House side, transmitting as an appropriations bill. He maintained the rules would need to be suspended if HB 124 remained as an appropriations bill.

SEN. ELLIS asked for fiscal information on the two concepts.

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Chuck Swysgood maintained there would be an increased cost with HB 124 as compared to current law. **SEN. STONINGTON** maintained the numbers would not show a marked increase.

Mr. Swysgood suggested the numbers should be compared to current law, not HB 124. **SEN. STONINGTON** wondered if the policy decision would depend on the complete phase out of HB 20 and SB 417 and whether the local government should share in the revenue.

CHAIRMAN GLASER theorized that the committee should deal with current law, without the issue of growth, when making its decision.

Linda Stoll, Missoula County, voiced her concerns that a tremendous amount of time and effort had been involved in drafting a bill that contained a formula that would deal with equalizing expenditures and revenues. She urged caution when amending the bill.

ADJOURNMENT

Adjournment: 5:40 P.M.

SEN. BILL GLASER, Chairman

LINDA ASHWORTH, Secretary

BG/LA