

MINUTES

**MONTANA SENATE
58th LEGISLATURE - REGULAR SESSION
SUB COMMITTEE ON TAXATION - SB 407**

Call to Order: By **CHAIRMAN MIKE TAYLOR**, on March 10, 2003 at 11:15 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Mike Taylor, Chairman (R)
Sen. Jon Ellingson (D)
Sen. Walter McNutt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Shirley Herrin, Committee Secretary

Others Present: Judy Paynter, Dept. of Revenue
Dan Dodds, Dept. of Revenue
Terry Johnson, Legislative Fiscal Division
Larry Finch, Dept. of Revenue

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

Committee Business Summary:

Discussion On: SB 407

11:20 **Judy Paynter** handed out **EXHIBIT (tas50b01)** SB 407 Tourist Tax Bill - Section by Section Description and **EXHIBIT (tas50b02)** SB 407 Revenue and reviewed the exhibits.

The committee discussed the increase of tax on rental cars and accommodations noting those items would target out-of-state visitors effectively. The question arose on the percentage that Montanan's would pay on prepared food and drink. **Dan Dodds**, Department of Revenue, responded to the committee's questions.

The committee discussed taxes on prepared food and drink; food in vending machines; alcoholic beverages sold by the drink; accommodations and campgrounds; base rental charge for rental vehicles; rental or lease of sporting goods, guided recreation and sightseeing; admissions (museums, plays etc.); and recreation fees.

They then discussed capital gain rates; cigarette taxes; the big box tax and a estate transfer tax on second homes. They continued by discussing the gaming revenue. The committee then discussed the cigarette tax proposals at length.

Larry Finch, Department of Revenue, responded to questions from the committee regarding Montana's capital gains rate.

EXHIBIT (tas50b03)

SEN. JON ELLINGSON stated there were three major concerns in the Democrat Caucus; 1) Executive level budget funded, 2) Sufficient money for DPHHS, and 3) K-12 funding level not passed to local taxpayers.

Judy Paynter and **Larry Finch** responded to questions from the committee regarding all the proposals previously discussed.

EXHIBIT (tas50b04)

12:16pm **Larry Finch** then reviewed **EXHIBIT (tas50b05)** Martz Tax Reform Proposal and explained the effects of the proposals.

The committee requested additional information regarding the

- 1 Gambling Tax Revenue
- 2 Big Box Bill # at \$20M
- 3 Residential Real Estate Transfer tax
- 4 Cigarette tax we now have

The committee will meet again after the Senate Taxation meeting on Tuesday.

ADJOURNMENT

Adjournment: 12:36 P.M.

SEN. MIKE TAYLOR, Chairman

SHIRLEY HERRIN, Secretary

MT/SH