

**MINUTES**

**MONTANA SENATE  
56th LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON TAXATION**

**SUBCOMMITTEE ON SALES TAX**

**Call to Order:** By **CHAIRMAN BOB DEPRATU**, on March 24, 1999 at 9:30 A.M., in Room 413/415 Capitol.

**ROLL CALL**

**Members Present:**

Sen. Bob DePratu, Chairman (R)  
Sen. Bill Glaser (R)  
Sen. Barry "Spook" Stang (D)

**Members Excused:** None

**Members Absent:** None

**Others Present:** Sen. Alvin Ellis Jr.  
Gordon Morris, Montana Association of Counties  
Judy Paynter, Department of Revenue  
Jeff Miller, Department of Revenue  
Jerry Leonard, Department of Revenue

**Staff Present:** Sandy Barnes, Committee Secretary  
Lee Heiman, Legislative Branch

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

**Committee Business Summary:**

Bills Discussed: Sales Tax Packages

**DISCUSSION ON SB 525, SB 526, SB 527 AND SB 528**

**SEN. DEPRATU** distributed a worksheet from the Department of Revenue on Consumption Tax Proposal Comparisons, March 22, 1999, **EXHIBIT (tas66b01)**. He said that the committee would be concentrating on the Devlin proposal, **SB 525**. He said that **SEN. GLASER** has some ideas for some changes on that package, and that **SEN. ELLIS** had expressed some concerns about it. He said this

would give the committee a better idea of some of the differences in the packages.

**SEN. GLASER** distributed a handwritten list of suggestions he had on **SB 525, EXHIBIT (tas66b02)**. He said that it has been his feeling that there is a split on what should be done as far as a sales tax proposal, and if a narrower concept is more desirable, then the Devlin proposal would be appropriate. However, he said that because of legislation that has already passed through the legislature, some changes would have to be made to the Devlin proposal.

**SEN. GLASER** said his first suggested change to **SB 525** deals with automobile repairs. He said since **SB 260** is probably going to be signed by the Governor, the only services that are left in **SB 525** that are tourist related are automobile repairs. He said if automobiles are taken out, there would be enough for the 6 mill university levy.

**SEN. GLASER** said the next change would to remove the language on page 13, lines 1 through 3 in reference to oil, gas and coal when it is used for heat or for manufacturing.

Next, **SEN. GLASER** said there would be some extra revenue left over and that would then be used in the next year as income tax relief kind of like a reverse surtax. And finally, rather than having four separate bills, combining the four Devlin bills into one bill which would then be **SB 525**.

**SEN. ELLIS** said he did not think all four bills could be combined in reference to the Constitutional prohibitions. **Mr. Heiman** said these would be statutory provisions within the bill, and not Constitutional provisions. **SEN. GLASER** said he did not think there could be one without the other, so if this goes forward, these would have to be tightly coupled together so if something fails, they all fail. **SEN. ELLIS** said his opinion is that they should remain Constitutional provisions that are separate. **SEN. DEPRATU** asked if it could be combined, and **Mr. Heiman** said that if those three amendments were combined with the bill, they would have to be statutory because they cannot be mixed. **SEN. DEPRATU** said that he felt it should be Constitutional if it is done. **Mr. Heiman** said that perhaps they could make it two issues, one that is a prohibition on class six and ag, and a second prohibition on state levying mills for education, rather than the present three.

**SEN. STANG** said he agreed that they should be separate issues. He said that his feeling is that the state should not levy property taxes, period, without a vote of the people, so that

would be a change. He said he is willing to tinker with the Devlin proposal, but he still feels that the Sprague proposal is the best. He said **SB 260** and **SB 200** take away the need for revenue for those, so any revenue that the sales tax is going to raise should go to give either income or property tax relief.

A discussion ensued regarding the need for a three-legged tax stool and how that could be accomplished and whether the voters would be willing to agree to that. They also talked about the need for assuring the voters that the state will not come back in a few years and start increasing or adding taxes that have been eliminated.

The committee also discussed at length the effects of the changes that **SEN. GLASER** had proposed to **SB 525** and how the sales tax proposals compared. **SEN. GLASER** asked if the committee could get an analysis which would reflect these changes and how those would impact Fiscal Year 2002.

**SEN. DEPRATU** asked the Department of Revenue to run some simple numbers on **SB 525** showing the removal of vehicle repairs, leaving light vehicle tax as it is in **SB 260**, removing the taxes to the oil, gas and coal, and then the six mill university levy. At that point, if there is any money left over, the committee can decide what to do with that after they have seen these numbers. **SEN. DEPRATU** also told the Department to put all personal property at 3%.

**SEN. DEPRATU** said that the subcommittee will meet again on Thursday at 10:00 a.m.

**ADJOURNMENT**

Adjournment: 10:25 A.M.

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SEN. BOB DEPRATU, Chairman

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SANDY BARNES, Secretary

GD/SB

**EXHIBIT (tas66bad)**