

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Paul "Bud" Burke at
Chairperson

11:00 a.m./p.m. on February 9, 1983 in room 526-S of the Capitol.

All members were present except: Senator Mulich (Excused)

Committee staff present: Tom Severn, Research Dept.
Wayne Morris, Research Dept.
Don Hayward, Revisor's Office

Conferees appearing before the committee:

The chairman recognized Bill Edds, Dept. of Revenue, who reviewed some suggestions from the department of proposed legislation to be introduced:

- 1) establish a procedure whereby the department of revenue could bring an action in court to receive an order requiring a taxpayer to file a proper tax return. In the event the taxpayer fails to comply with the order, he would be subject to contempt proceedings.

Senator Chaney moved and Senator Johnston seconded a motion to introduce such a bill and have it referred back to the committee. The motion passed.

- 2) clarify that the responsible officers and board members of a corporation are personally liable for withholding tax liability of the corporation and establish the same principle for sales tax liability.

Senator Johnston moved and Senator Kerr seconded a motion to introduce such a bill and have it referred back to the committee. The motion passed.

- 3) adopt a motion to introduce a bill limiting the number of years from 10 to 3 to which a financial institution could carry back a net operating loss.

Senator Johnston moved and Senator Chaney seconded a motion to introduce such a bill and have it referred back to the committee to implement. The motion failed.

The committee considered SB 97 which would increase the tax on the gross receipts from bingo games. The chairman said that in discussion with Senator Francisco he learned that with this bill he is trying to provide revenue for enforcement of this act in connection with the operation and conduct of the bingo games. The law enforcement people say there is no enforcement of this act; they don't have the revenue to do it and the hope is this bill would raise new money for them to dedicate some people to it. Senator Francisco also has other bills relating to this matter before the Federal and State Affairs Committee. It was suggested to see what that committee does with those bills and then possibly fund what passes out of that committee.

The committee turned to SB 47 which establishes a depreciation schedule on farm machinery, equipment and aircraft, as authorized by the constitutional amendment SCR 1604.

Senator Kerr spoke to the issues which had been offered in opposing his proposal. One was the association with the intangibles tax. The intangibles tax is a local option and many areas still do tax, subject to a vote by the people so the tradeoff doesn't hold water, he said.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 526S, Statehouse, at 11:00 a.m./~~p.m.~~ on February 9, 1983.

He said when the tax is taken off farm machinery, the tax shift occurs within each county. Some want total classification and this would expand classification. The exemption is special treatment in the ultimate.

With regard to school finance, there will not be enough aid coming to the area to offset the farm machinery exemption.

Senator Thiessen commented that he believed most of the testimony on SB 47 and SCR 1604 was in opposition and that it is not right to say this exemption was passed in the last session to get even with the removal of the intangibles tax. He thinks it is tax equity. He stated that farmers made up 7% of the population in 1980, receive 4½% of the income and are paying 21.7% of the property taxes of the state.

Senator Johnston said that with this bill they were not trying to put the tax back on farm machinery, just find some middle ground to reduce the agricultural taxes, and that no one talked about the state of the agricultural economy when the bill was discussed.

Senator Kerr moved and Senator Johnston seconded a motion to recommend SCR 1604 favorably for passage. The motion failed with Senators Kerr, Johnston, Chaney, Ehrlich and Hayden voting yes and Senators Allen, Angell, Burke, Montgomery and Thiessen voting no.

The chairman adjourned the meeting at 11:55 a.m. The next meeting of the committee will be held at 11:00 a.m. on February 10.

