

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Dan Thiessen, Chairman at  
Chairperson

11:00 a.m./~~pm~~ on Monday, February 13, 1989 in room 519-s of the Capitol.

All members were present except:

Committee staff present:

Don Hayward, Revisor's Office  
Chris Courtwright, Research Department  
Tom Severn, Research Department  
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

Chairman Thiessen called the meeting to order and turned attention to HB2041 and said we had a motion on HB2041 when the meeting ended last Friday, to delete several cities from the "Grandfather provision of the 1978 sales tax bill", and the Chairman recognized Senator Oleen.

Senator Oleen said she wanted to share information that she had received between our last meeting and today. In regard to the amendment, I have some concern regarding custom cutters. I have heard from a number of my constituents, who actually farm and do custom cutting and in looking at the budget there is actually no fiscal impact in addition to what we had before, so my feeling is a move to reconsider that amendment, because I do believe the issue is addressed in the current bill.

Senator Oleen made a substitute motion to reconsider our action on Senator Karr's amendment to include language concerning equipment used in custom work.

Chairman Thiessen said we are back to the Karr amendment, which added some wording to the custom work equipment.

The Chairman called for committee discussion on the amendment.

Committee discussion on the Karr amendment brought concerns regarding, would more machinery be exempted from sales tax and would co-op members benefit, and lastly when the exemption was initially passed, there was a problem with, if the equipment was used 100% of the time in farming activities, but this problem exists regardless of the amendment.

The Chairman said the legislative intent was to include that type of equipment from the beginning, they say its the use of the equipment, rather than the owner that determines the eligibilities.

There was a bigger problem on the property tax exemption. I don't think that used equipment, repair parts and labor on the sales tax exemption has been that much of a problem.

The law has been in effect since July 1, 1988 and some have gotten the sales tax exemption and some have not, as it has been determined by the Department of Revenue.

The fiscal note from the Department of Revenue says, the impact as estimated by the Department of Revenue would include custom cutter equipment, and they are estimating \$7.0 million, the first year and subsequent fiscal years would be approximately \$7.6 million.

Don Hayward said what the language of the amendment did, was take out the requirement that the purchaser had to be engaged in farming or ranching, then added custom farm and ranch work for hire, in the definition of farming or ranching, in other words that expands the exemption to people other than farmers or ranchers. The fiscal note now is too high, and if the amendment were to be put on, it would still be \$7.6 million or less.

There was still some concern by the committee, on the way the bill stands on the prescription drugs.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,  
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Monday, February 13, 1989

Don Hayward said what this amendment allows for, is the sales of regular over the counter drugs, if they have been dispensed by a prescription order by a licensed practitioner.

Chairman Thiessen asked for a vote on the substitute motion by Senator Oleen to reconsider our action on the original amendment by Senator Karr. All in favor say aye, opposed say no. The motion carried.

Chairman Thiessen said we now are back to the original motion to amend, adding the wording about the custom equipment, offered by Senator Karr. All in favor say aye, opposed say no. The motion failed.

The Chairman said we are now back to HB2041 as it came to us from the House, before it was amended.

Senator Fred Kerr made a motion to favorably pass HB2041, seconded by Senator Langworthy. All in favor say aye, opposed say no. The motion carried.

The Chairman adjourned the meeting at 11:45 a.m. and said that we will be meeting tomorrow.