

Approved: 4-30-97
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION..

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on March 19, 1997 in Room 313-S of the Capitol.

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Ann McMorris, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list

Chair had tabulated the responses on the linear rating forms which the committee had completed at their March 18 meeting. Results were tabulated as to the Top Votes (Attachment 1) and as Top Votes Per Criteria (Attachment 2)

Discussed the range of \$130 to \$160 million for tax relief; compromise proposal amendments; and fiscal note. Questions and comments on sales tax on food, relationship to local government, homestead exemptions, good faith policy, manner in which LOB's are handled, inheritance tax, Supreme Court decision on machinery evaluation and the effect on local school budgets and state revenue, need to clarify the many issues on sales tax exemptions. It was also noted with deregulation of telecommunications there will be a need to restructure tax laws in that area.

The committee discussed the proposed amendments to **HB 2031**, which was scheduled to be debated Thursday on the Senate Floor. In response to a question from Rep. Wempe, Chris Courtwright of Legislative Research said that the data used to estimate the impact of the exemption from the school finance levy of single-family residential property included only free-standing single-family residences and mobile homes. He explained that the data did NOT include townhouses, condominiums, duplexes or any other residential property.

Chair announced the meetings for March 20 and 21 were canceled.

The next meeting is scheduled for March 24, 1997.

Adjournment.

Attachments - 2

The Top Votes

1. Singles income tax equalization (Governor's Rec.) – 330 votes
2. \$40,000 homestead exemption, mill levy to 27 mills – 307 votes
3. (tie) Mill levy to 20 mills for two years – 293 votes
3. (tie) Fit and Trim (27%) – 293 votes
3. (tie) Phase-out of sales tax on food stamp qualified groceries – 293 votes
6. Powell amendment to phase-in increase in personal exemption – 260 votes
7. Mill levy to 25 mills for two years – 232 votes
8. Earned income tax credit – 218 votes
9. \$20,000 exemption on all property – 194 votes
10. \$30,000 homestead exemption, mill levy to 31 mills – 179 votes

Top Votes per Criteria

Criteria A: Fairness

1. Singles Income Tax equalization (Governor's Rec.) – 105 votes (6)
2. Property Tax : mill levy set to 20 mills for two years – 52 votes (5)
3. Earned income tax credit – 48 votes (1)
4. Fit and Trim (27%) – 44 votes (0)
5. Property Tax: \$40,000 homestead, mill levy set to 27 mills – 40 votes (4)
6. (tie) Property Tax: mill levy set to 25 mills for two years – 37 votes (1)
6. (tie) Personal exemption phase-up to federal level in three years – 37 votes (1)

Criteria B: Regressivity

1. Elimination of sales tax on food – 86 votes (6)
2. Earned income tax credit – 64 votes (2)
3. Property Tax: \$40,000 homestead exemption, mill levy to 27 mills – 59 votes (4)
4. Sales tax rebate on food (Governor's Rec.) – 51 votes (1)
5. Property Tax: \$20,000 exemption on all property – 50 votes (1)
6. (tie) Singles Income Tax equalization (Governor's Rec.) – 47 votes (3)
6. (tie) Homestead rebate qualification increase (Governor's Rec.) – 47 votes (1)

Criteria C: Simplification

1. Fit and Trim (27%) – 103 votes (10)
2. Singles income tax equalization – 77 votes (2)
3. Property tax: mill levy set to 20 mills for two years – 58 votes (1)
4. Remodeling sales tax repeal – 42 votes (1)
5. (tie) Inheritance tax replaced by pickup tax – 40 votes (2)
5. (tie) Personal exemption phase-up to federal level in three years – 40 votes (1)
7. Property tax: mill levy set to 25 mills for two years – 39 votes (0)

Criteria D: Significant / Meaningful Tax Relief

1. Property tax: \$40,000 homestead exemption, mill levy set to 27 mills – 83 votes (6)
2. Property tax: mill levy set to 20 mills for two years – 71 votes (5)
3. Elimination of food sales tax – 55 votes (2)
4. Singles income tax equalization – 48 votes (0)
5. Personal exemption phase-up to federal level in three years – 44 votes (2)
6. Property tax: mill levy set to 25 mills for two years – 40 votes (1)
7. Property tax: \$30,000 homestead exemption, mill levy set to 31 mills – 38 votes (0)

Criteria E: Broad-based tax relief

1. Elimination of sales tax on food – 78 votes (4)
2. (tie) Property tax: \$40,000 homestead exemption, mill levy set to 27 mills – 72 votes (5)
2. (tie) Property tax: mill levy set to 20 mills for two years – 72 votes (4)
5. Personal exemption phase-up to federal level in three years – 64 votes (4)
6. Property tax: mill levy set to 25 mills for two years – 57 votes (3)
7. Property tax: \$20,000 exemption on all property – 48 votes (2)

Criteria F: Funding of Government

1. Fit and Trim (27%) – 67 votes (4)
2. Property tax: mill levy set at 29 mills, then 25 mills (Governor's Rec.) – 65 votes (6)
3. Property tax: mill levy set to 25 mills for two years – 41 votes (0)
4. Earned income tax credit – 39 votes (2)
5. Property tax: \$30,000 homestead, mill levy set to 31 mills – 35 votes (0)
6. (tie) Homestead qualification increase (Governor's Rec.) – 31 votes (0)
6. (tie) Sales tax rebate on food (Governor's Rec.) – 31 votes (1)