

The meeting of the Assembly Taxation Committee was called to order by Chairman May at 11:35 a.m. in the Assembly Lounge with the following members present:

PRESENT: Chairman May
Vice Chairman Coulter
Mr. Bergevin
Mr. Brady
Mrs. Cafferata
Mr. Craddock
Mr. Marvel
Mr. Price
Mr. Rusk
Mr. Stewart
Mrs. Westall

Mr. May advised those present that Mr. Frank Daykin, Bill Drafter, had notified him that we could take A.B. 120 and use it as a vehicle by substituting amendments that would increase the sales tax to a certain percentage and further, provide for the factoring up to January, 1981. He added that the Senators have requested that we get something forwarded to them so they can begin reviewing what we have put together.

A motion was then introduced by Mr. Marvel to increase the sales tax to 5 1/4 cents on the dollar, with 1.5¢ going to LLST and the balance going to CCRT; Mr. Rusk seconded the motion.

Discussion on the motion revealed that Mr. Stewart was opposed to that concept. In his opinion this is not acceptable legislation as we were sent here by the voters to reduce taxes and this is contrary to their desires. He feels we should not take action without having more input on how this is going to effect the people in the state.

Mr. Price agreed, however, if it was our intent to get A.B. 120 amended and re-referred back to the Committee for public hearings, he would withdraw his objection.

Mr. May assured those present that his intention was to get the amended bill sent back to Taxation Committee and to hold at least one public hearing on the bill prior to taking action. It was not his intention to send the bill over to the Senate today. He added that it is his opinion that we should bring everybody up to January, 1981, by factoring at which time Mrs. Westall asked if we were going to be sending factoring over with the amended bill.

Mr. Bergevin stated his intent was to pursue this matter in a logical way. He has discussed this with some fiscal experts and they assure him there won't be school or county cash flow problems through ending and opening balances to take them through the following fiscal year. It could be effective May 1st; he feels we should pursue this, get our revenue caps and distribution system established and do it right.

Mr. May reminded the committee that Mr. Jim Lien, who has been working with the tax committees, has stated that the schools must have the figures as soon as possible and in the circumstances, he urged that we reach some agreement on the sales tax if nothing else.

Mr. Craddock suggested that we find out how much of a reduction we are talking about; can we place exemptions on that and out-of-state holdings. Centrally assessed property should be no problem but the out-of-state holdings might require some time. How much preferential treatment are we giving to out-of-state holdings. He added that he feels the proposed 5 1/4¢ sales tax is too high. He can't support the sales tax percentage until he knows what it will do in balance with the rest of the tax matters.

Mr. Price wants a total concept with time to look at this. If we have a bill drafted for sales tax, the effects would not be in the bill; just the percent. He suggested that if we get a bill, we should talk about starting with a lower figure.

Mr. Rusk pointed out that he feels we have ample information to move ahead with some program but he would be interested in seeing how the increase, suggested by Mr. Marvel, directly relates. Graphs have been presented to us and they told the story as to what the property tax trade-off would be. We do have some additional time but he hopes that if the motion passes, we hold the hearings quickly and make some decisions where we can finalize our tax package.

General discussion followed on which method would be most expedient -- that is, whether to use A.B. 120 as the vehicle for the increase in sales taxes or whether to request the drafting of an entirely new bill. It was the general consensus that requesting amendment(s) to A.B. 120 was the best method.

Mr. Stewart remained firm in his belief that a totally new bill, using the figure of 4 1/2¢ sales tax would be the best way to go.

At the conclusion of the discussion, the motion made earlier by Mr. Marvel, seconded by Mr. Rusk, stating that the sales tax be increased to 5 1/4¢ with 1.5¢ going to the LLST and the balance going to CCRT to be effective May 1st; to provide for spending and income caps on local governments and factor up to January 1, 1981, a percentage factor on a temporary basis to be later revised, if necessary, by the assessors.

Motion carried with Assemblymen Marvel, Bergevin, Brady, Rusk and Coulter and Mrs. Cafferata voting "aye," and Assemblymen Stewart, Craddock, May and Price and Mrs. Westall voting "nay." Motion carried 6-5.

There being no further business, the meeting was adjourned.

Respectfully submitted:

Nikki Kinsley
Nikki Kinsley, Committee Secretary

(Committee Minutes)