

**Tax Working Group
Tuesday, June 21, 2005
Room 15 Capitol
Chair, Senator Pogemiller**

Senate Conferees

Pogemiller, Chair
Belanger
Betzold
Moua
Skoe
Irv Anderson-guest conferee

House Conferees

Krinkie
Abrams
Lanning-absent
Lenczewski
Simpson

Senator Pogemiller called the meeting to order at 1:30 p.m.

A quorum was present.

Agenda Item #1: Hutchinson Technology case discussion

1. Overview by Commissioner Dan Salomone, DOR
2. Cost to the State/lost revenue
3. Discussion of passive investment companies by Joel Michael, House Research

Agenda Item #2: County Chemical Dependency Treatment

1. Handout #1 "Allocations and maintenance of effort" overview by David Godfrey, Senate Fiscal Analyst
2. Testimony
 - a. Keith Carlson, MICA
 - i. Comments on cost incurred by counties, formula
 - b. John Kaul, Washington County

Agenda Item #3: Continuation of Hutchinson Technology case discussion

1. Discussion by Commissioner Dan Salomone, DOR and Mike Roelofs, DOR

Agenda Item #4: Foreign Operating Corporations tax modifications

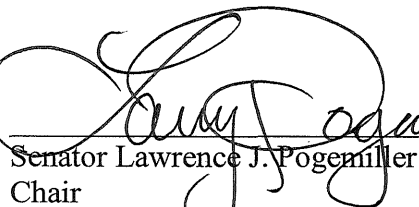
1. Distribution and discussion of BL1119 amendment
 - a. Handout #2 "Overview of Senate corporate tax modifications"
 - b. Overview by Deb Anderson, Consultant to the Senate Tax Committee and M.J. Hedstrom, Senate Fiscal Analyst
 - c. Handout #3 "Corporate tax proposal revised preliminary estimate"
2. Discussion of single sales factor
3. Handout #4 "Small business survival index 2004"

Agenda Item #5: Discussion regarding total revenue needs

1. Structural balance
2. Revenue needed above structural balance
3. Clean Water Legacy bill
4. AMT reform and married/joint conformity
5. Education funding
 - a. House funding proposal vs. Governor's funding proposals

Senator Pogemiller adjourned the meeting at 3:45 p.m.

Respectfully Submitted:



Senator Lawrence J. Pogemiller
Chair



Hue Nguyen
Legislative Assistant