

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
January 18, 1983

The meeting was called to order at 8:00 a.m. by Chairman Yardley. Roll call was taken and all committee members were present.

Testimony was heard on HB 160, HB 168 and HB 188 during this meeting.

HOUSE BILL 160

REPRESENTATIVE STEVE WALDRON, District 97, sponsor of HB 160, told committee members if they believe in supply side economics they should kill this bill. If the committee has questions concerning supply side economics they should give some close consideration to the bill.

When the federal government passed the 1981 Economic Tax Recovery Act, there was a provision in the bill for accelerated depreciation. The philosophy behind the provision was that we should turn away from depreciation based on useful life and accelerate that depreciation allowance so that businesses could take the additional money and reinvest it. Representative Waldron said the problem with that practice is that the way our law is worded for depreciation allowances, we are tied to the federal schedules. Consequently, when the change took place Montana ended up with accelerated depreciation. He said the federal government created four different classes for personal and real property - 3, 5, 10 and 15 year depreciation schedules. Representative Waldron said HB 160 "uncouples" Montana from the federal accelerated depreciation.

REPRESENTATIVE WALDRON told the committee that, according to the Citizen's For Tax Justice, there is quite a fiscal impact. He said it will cost the state of Montana \$10.1 million in the loss of revenue for calendar year 1983, and \$13.8 million for calendar year 1984. He said over the next five years, Montana will suffer a loss of revenue equaling \$85.8 million.

There were no other proponents to testify on HB 160.

Opponents

JOSEPH LOENDORF, representing himself and the accounting firm of Anderson-ZurMuehlen, testified in opposition to HB 160. (See EXHIBIT 1.)

CLARK PYFER, representing himself and the accounting firm of Galusha-Higgins-Galusha, said HB 160 will complicate the accounting treatment of filing returns for many small businesses. He said there should be no change in Montana's total revenue as a result of accelerated depreciation. Mr. Pyfer said any impediments on new businesses should be avoided at all costs.

TOM HARRISON, representing the Montana Society of CPAs, said HB 160 will add to the cost and trouble of filing tax returns.

JERRY HAMLIN, representing the Montana State Homebuilders, testified in opposition to HB 160. (See EXHIBIT 2.)

JANELLE FALLAN, representing the Montana Chamber of Commerce, said Montana would be placed at a competitive disadvantage if the state decouples from the federal government.

JIM HUGHES, representing Mountain Bell, said he opposes HB 160 because it will hinder economic development and it will hurt the communications and electronics fields as far as the depreciation of the equipment.

REPRESENTATIVE NORDTVEDT said because of inflation the average businessman cannot recoup the cost of buying property. He said it would be a tragedy to go back to forcing people to take a longer depreciation cost-out.

In closing, Representative Waldron said Montana's economic development will be tied to the national economy regardless of what we do to depreciation allowances. He said if Montana uncouples from the federal government it will be a good tax savings.

CHAIRMAN YARDLEY said this committee will not take action on HB 160 until a fiscal note has been received.

CHAIRMAN YARDLEY asked Ellen Feaver, Director of the Department of Revenue, if the changes in the federal laws were taken into consideration when the budget for expected revenues for Montana was made up. Ms. Feaver said yes, those changes were taken into consideration.

MS. FEAVER said it is very difficult to determine fiscal impact when you only have one year's worth of tax returns on file. The Department of Revenue only has one year's worth of data to deal with. She said there will be an anticipated loss of revenue from personal income tax of \$1.3 million in 1984 and \$2.2 million in 1985. The loss of revenue from corporate license tax will be \$2.36 million in 1984 and \$6.5 million in 1985. If this bill is enacted, there would be a cost of \$200,000 per year in administrative costs because the Department of Revenue would no longer be able to rely on the Internal Revenue Service for audit purposes.

REPRESENTATIVE BERTELSEN asked if the figures given are costs of money or lack of payments. Ms. Feaver said they represent the impact on state revenue.

The hearing on HB 160 was closed.

REPRESENTATIVE WILLIAMS left at this time.

HOUSE BILL 168

REPRESENTATIVE PISTORIA, sponsor of HB 168, District 39, said the purpose of this bill is to transfer more funds for the alcohol treatment programs to counties. He read a prepared statement to the committee. (See EXHIBIT 3.)

REPRESENTATIVE PISTORIA passed out copies of data gathered to support HB 168. (See EXHIBIT 4.)

Proponents

DARREL MEYER, representing Cascade County, said the funding should be taken out of the excise tax. There is a need for dollars to go back to the counties and cities to help people who have alcohol problems. The most simple way of getting those dollars is to take them from the excise tax.

HAROLD SCHUTT, Director of the Providence Alcoholism Center, testified in support of HB 168. He submitted written testimony. (See EXHIBIT 5.)

MARTIN ERICKSON, President of the Great Falls Council on Alcoholism, testified in support of HB 168. He submitted written testimony. (See EXHIBIT 6.)

DICK BAUMBERGER, representing the Alcoholism Programs of Montana, Inc., also testified in support of HB 168 and submitted written testimony. (See EXHIBIT 7.)

There were no opponents testifying on HB 168.

In closing, Representative Pistoria said he has worked with the alcohol treatment centers and those programs need the additional funding. He urged a DO PASS on HB 168.

REPRESENTATIVE JACOBSEN asked how the funds would be allocated to the counties. Representative Pistoria said HB 168 changes the percentages of funding that goes to the counties, it does not change the law.

CHAIRMAN YARDLEY asked the committee members to look at the fiscal note on HB 168.

CHAIRMAN YARDLEY asked Curt Chisholm, Deputy Director of the Department of Institutions, to explain to the committee how

the funds that are allocated to the Department of Institutions are distributed. Mr. Chisholm said when money is generated by the sale of liquor, that money goes into a revenue account. Thirty percent of that money will be given to the counties, based on purchases of liquor in those counties, to be distributed among the incorporated cities in each county. The cities can then do anything they want with that money. Mr. Chisholm said 4.5% of the allocation goes directly to counties for their purposes, based on the amount of liquor sold in each county. He said 65.5% of the allocation goes into an earmarked revenue account, subject to appropriation by the legislature. The Department of Institutions receives appropriations to cover administrative costs for the operation of the division and the crime lab in Missoula also received an appropriation. The Department of Institutions receives an appropriation for a discretionary account to assist various alcohol programs that are in trouble. Whatever is leftover from the 65.5% is then distributed to the counties on an 85/15 basis. The 85% is based on population and the 15% is based on the geography of the county. Those counties, by law, have to use that appropriation to run alcohol programs.

The hearing on HB 168 was closed.

HOUSE BILL 188

REPRESENTATIVE PAUL PISTORIA, District 39, sponsor of the bill, read a prepared statement to the committee. (See EXHIBIT 8.)

REPRESENTATIVE PISTORIA passed out copies of an amendment to HB 188. (See EXHIBIT 9.)

There were no other proponents testifying on HB 188.

Opponents

ROGER TIPPY, representing the Montana Beer and Wine Wholesalers Association, testified in opposition to HB 188. (See EXHIBIT 10.)

BRUCE DEROSIER, owner of Montana Wine Sellers, testified in opposition to HB 188. (See EXHIBIT 11.)

HARVEY DEMARS, owner of Louie's Grocery in Helena, said the small stores cannot compete with the large grocery stores for the sale of beer and wine. If the licenses to sell beer and wine are doubled from what they are now, there will be very few, if any, small grocery stores that will be able to afford to sell beer and wine.

JENNY COLEMAN, owner of Green Meadow Market in Helena, said the sale of wine and beer is a service for the public. She said she makes very little profit from the sale of those items now. If

the license fees go up, she will have to stop selling beer and wine.

REPRESENTATIVE PISTORIA said ever since the state went into the liquor and wine business, the license fees have stayed the same. He feels it is time those fees were raised to help create more revenue for this state.

REPRESENTATIVE ASAY asked Representative Pistoria why he went with raising license fees instead of increasing the tax on liquor and wine. Representative Pistoria said the fees have never been increased and he feels they should be. Representative Asay asked if Representative Pistoria figured out how much of a tax increase would be necessary in order to raise the same amount of revenue as the license increase would raise. Representative Pistoria said he had not figured that out because he does not believe in increasing taxes.

REPRESENTATIVE HARRINGTON asked Representative Pistoria if he is set on the amount of increase for the licenses or would he accept a lesser increase. Representative Pistoria said he would accept lower fees.

REPRESENTATIVE NEUMAN asked if this money goes into the general fund for the state or if it goes to the Department of Revenue. Representative Pistoria said the money goes into the state general fund.

REPRESENTATIVE DEVLIN asked Mr. DeMars if he paid just a city license fee or if he paid others. Mr. DeMars said he pays a city license fee of \$200 and a county license fee of \$200, which is the same amounts that the large grocery chains pay.

CHAIRMAN YARDLEY asked Mrs. Williams, from the Liquor Division, Department of Revenue, if she has seen the figures that show the income from the license fees to be \$345,000 and the increase in the fees would put the income, for the state, at \$864,500. Mrs. Williams said those amounts are close to being accurate but she has not had a chance to research that data.

REPRESENTATIVE ASAY asked if the state actually lost \$3 million in revenue when the wine and beer sales were made available in grocery stores. Howard Heffelfinger, Liquor Division, Department of Revenue, said when that initiative was passed, the state of Montana lost \$3 million in taxes and profits to the state.

The hearing was closed on HB 188.

CHAIRMAN YARDLEY told committee members that there will be a joint hearing with the Taxation Committee and the Highways and


Transportation Committee on January 29th, at 8:00 a.m., in
the SRS Building.

CHAIRMAN YARDLEY asked Representative Nordtvedt what the status
of HB 50 was. Representative Nordtvedt said he will have some
amendments typed up for the committee and then the bill can
be acted upon.

The meeting was adjourned at 10:15 a.m.



DAN YARDLEY, Chairman



Vicki Lofthouse, Secretary

WITNESS STATEMENT

NAME JOSEPH J. KOENDORF CPA BILL No. NB 160
ADDRESS Box 1147 Helena MT DATE 1-18-83
WHOM DO YOU REPRESENT Anderson Zur Muehlen Co CPAs
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. More costly to taxpayers: must maintain two depreciation schedules
2. Less costly for state to administer: ① State currently relies on IRS audits; state would have to perform separate audit of depreciation schedules; ② No litigation - current ACRS depreciation schedules provide statutory percentages, therefore no disputes over useful lives.
3. Current law is less complex - per House Bill 160 taxpayers and practitioners would have to maintain expertise for both state and federal laws.
4. Present law allows taxpayers the option to elect out of ACRS
5. In many cases depreciation under IRS Code Section 167 may be more ~~rapid~~ rapid / likewise there are also cases ~~where~~ where it may be less rapid.
6. Useful Life // ACRS is representative

MEMORANDUM

DATE : January 18, 1983

TO: House Taxation Committee

SUBJECT: HB 160 - Depreciation revision for ACRS to prior years

FROM: Montana State Home Builders Association - Legislative Committee - Chairman,
Jerry Hamlin

Dear Committee members:

I am representing the Montana State Home Builders today and will give you some statistics from just my firm here in Helena to illustrate the effect HB 160 will have on Builders here in the state.

I consider myself to be a small volume residential and light commercial building contractor in the Helena area. I have been in business for the past six years and feel I have just gone through two of the toughest years the construction industry has ever faced. One of the brightest spots in my whole construction operation in the past two years was the passage of the Accelerated Cost Recovery System (A.C.R.S.). After two years of virtually zero building in residential construction, a law was finally passed to create more capital for the building industry. HB 160 will take this last glimmer of hope away and I will again resign myself to try to sell houses to people who can't afford to pay the interest rates.

I am adamantly opposed to the passage of HB 160-because it will drastically affect my business by,

- 1) Reducing my residential apartment building sales
- 2) Creating unemployment because I will be forced to lay off workers who would build these apartments
- 3) Discouraging investment in both real estate (apartment buildings) and capital expenditures for additional plant and equipment.

This law was enacted only last year in an effort to create more capital for the building industry. This change would mean increases in taxes for most property owners and discourage further investment just as the economy appears to be coming out of the worst recession since WW II!! Such a change will surely send the wrong signal at the wrong time if we're to see any kind of a recovery for the housing industry in the state or nation.

I offer the following statistics as an example to you of the detrimental effect that passage of HB 160 will have on just my small firm:

- 1) Loss of the sales of two 4-plex apartments and one duplex apartment
Approximate sales price \$370,000.00
- 2) Loss of wages to be paid to unemployed workers because of lost contracts:

A) Carpenter wages lost	\$28,000.00
B) Plumber wages lost	10,200.00
C) Electrician wages lost	8,100.00
D) Laborers wages lost	6,200.00
E) Sheetrockers -taper wages lost	6,700.00
F) Painter wages lost	5,800.00
G) Bricklayer wages lost	9,800.00
H) Excavation wages lost	2,100.00
I) Carpet layers wages lost	<u>1,800.00</u>

Total onsite labor wages lost \$78,700.00

These figures say nothing about the loss of sales the lumber yard, the appliance store, the drapery store, the concrete supplier, the building permit department, the city water and sewer department, the city-county tax department, etc. will sustain if this law is passed. The wages lost by the workers above will further necessitate their signing up for already depleted unemployment benefits. The list could go on and on.

These statistics reflect the effects only on one small volume builder in one small area. Can we really withstand the effect it will have when multiplied by all builders in Helena and the rest of the state? The Montana State Home Builders Association says NO! HB 160 must be stopped!!!

Thank you for your time and patience,

Jerry R. Hamlin

Jerry R. Hamlin, Legislative Committee Chairman
Montana State Home Builders Association

TESTIMONY FOR H.B. 168 - TRANSFER MORE MONEY FOR ALCOHOL TREATMENT PROGRAM TO COUNTIES - HEARING. THES JAN. 18 1983 - 8:00 A.M. IN TAXATION COMMITTEE, Room # 224.

I am Representative Paul Pastora dist # 39 - Mt Falls.

FIRST pass out the information & FISCAL NOTE to each member (NOT ENOUGH)

The packet passed out to you is self explanatory & will explain it.

The purpose of this Bill is to transfer of more funds or money for the alcohol treatment program to counties.

We have known for sometime that the alcohol treatment programs was in financial trouble. we knew about in the 1981 session, but didn't act.

we should blame ourselves, we should have done something then.

The alcohol tax, when when it was originally adopted & established it was intended for funding the alcohol treatment program adequately but instead went to fund other programs, instead which was bad, even the tavern owners went off out to support the tax & be used for alcohol treatment, they were let down.

But, the alcohol program has been in financial trouble.

In 1982- the financial problem came to a head. There are approximately 10 alcohol treatment programs in the state & are all in financial trouble, especially PROVIDENCE CENTER - NON PROFIT in Great Falls. They went broke in Dec. 1982. Not able to treat alcohol patients anymore, ^{now} only referring alcoholics else^{where} for treatment by contracting with hospitals, bringing them to Helen & its very expensive.

In the 1979 session then Representative Cheryl Meyer from Great Falls had H.B. 844 passed, which established a better method of funding the alcohol program. But as it turned out it was not enough because the legislative body cut it down & gave more to other programs. That was that.

Therefore last Fall I decided to work with the Providence Center people when they had to quit the alcohol treatment program.

With myself, the director Kerrod Schutz & the Providence Board & Mike Murray state director of the alcohol program.

I thought Acton's speaks louder than words & went ahead with this Bill.

The good thing about this Bill it does not increase the tax on alcohol in any way.

It only changes the percentages that are already ^{now} in the law, by doing so it only transfers funds so as to sum approx \$1,906,800 from the General fund to help the 85/15% to counties by population (at present only 1,809,498 goes to counties) which will be increased to \$3,716,306 based on the 1982-1983 budget & only period depending on total received each year.

we must settle this issue once & for all now.

~~Order~~ - Order to explain the Bill for you members ^{to understand} & make up this chart, which I will explain. The information in the packet I passed out states it all as this chart. Also several articles to support this Bill, you probably read the article in the Tribune Sat. Jan. 15, explaining this H.B. 168, too, which is attached.

They mention several laws to support the Bill, also several proponents such as cities & towns (L.O.C. Co) & Cass because this bill does not effect them.

FIRST,

(4)

~~John~~ should like have heard
about Director of Providence Center
in St Falls express his views
of many members of Providence Center
& than others,

I Reserve the right to close & any
questions - thank you

Paul, Pistoria

GREAT FALLS COUNCIL ON ALCOHOLISM
920 FOURTH AVENUE NORTH
GREAT FALLS, MONTANA 59401

M E M O

TO: Board members of all publicly funded programs
FROM: Martin Erickson, President, Great Falls Council on Alcoholism
First Vice-chairman, Providence Alcoholism Center
SUBJECT: Redirection, etc.
DATE: December 13, 1982

On Friday, December 10, 1982, Representative Paul Pistoria, Great Falls, carried legislation to Diana Dowling as follows:

- 13.159
Trustees
Committee
- 1A. Current:
10% Earmarked to Department of Institutions \$3,122,400
16% Excise Liquor Tax to General Fund \$7,627,232
- 1B. Change:
14% Earmarked to Department of Institutions \$5,029,208
12% Excise Liquor Tax to General Fund \$5,720,424

Note: This redirects \$1,906,808.

The intent is to leave existing dollars at county and city as is and solicit their support. The percentages would change but not the dollar amount.

It is also the intent that all of the redirected funds be channeled into the 85/15 formula monies

I have attached a document that hopefully will clarify this memo.

Additional legislation was presented by Paul as follows:

- H.B. 170
Judiciary
Committee
1. ~~53-24-303~~ INSTEAD - 53-24-107(2)
Add Sub 7:
"If the facilities or services described in paragraphs (1) thru (6) of this section are not readily available, other reasonable measures consistent with the intent of the Chapter may be taken".

H. E. 170
2. Amendment - ~~53-24-307~~ *INSTEAD 53-24-107(B)*

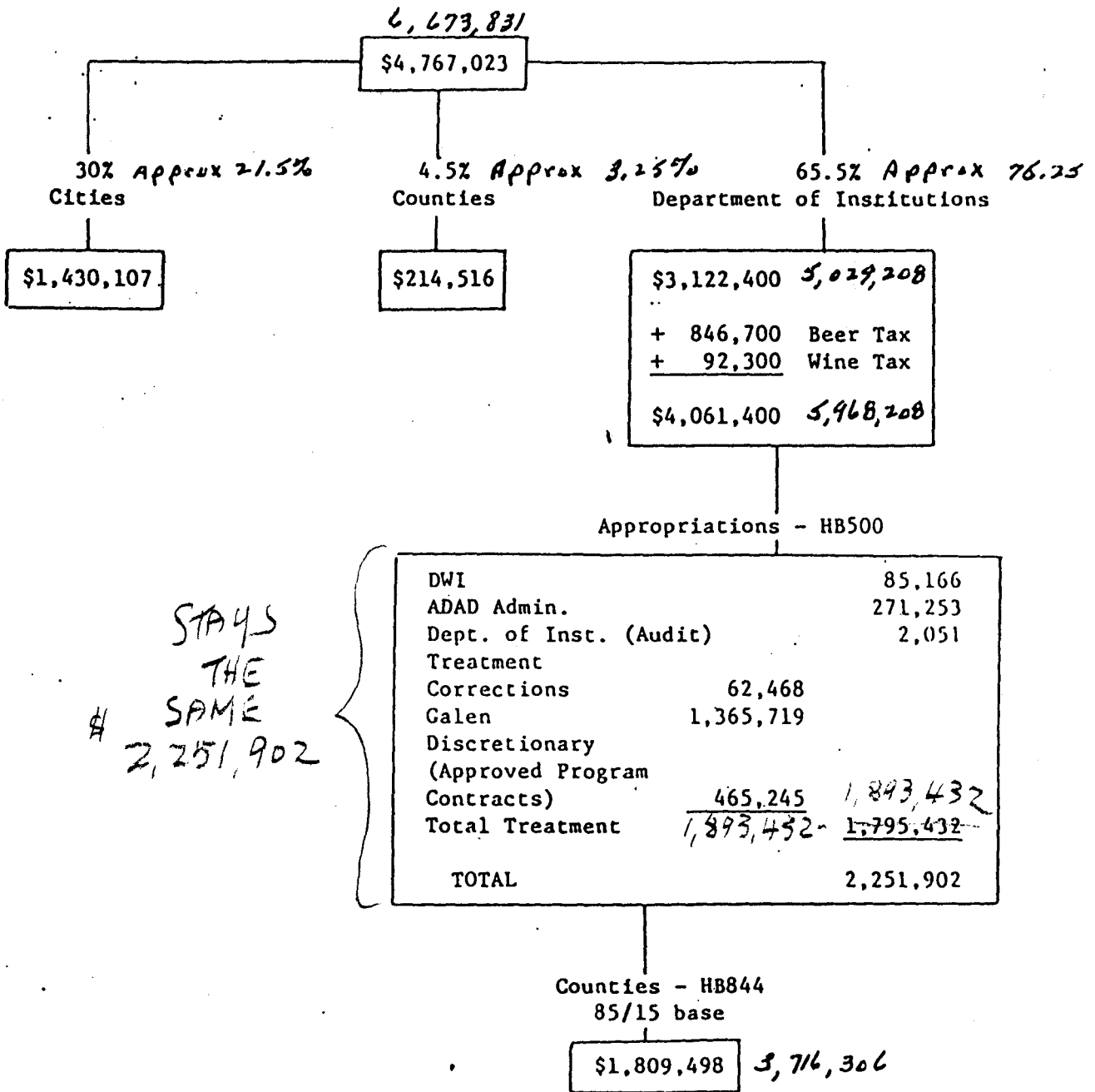
Add

Any person or entity who, within the pervue of this Chapter, provides or attempts to provide assistance, service or treatment to or for intoxicated persons or persons incapacitated by alcohol, who does so in good faith, shall not incur civil liabilities thereby.

We believe the support is there for this, as we indicated in the earlier memo. Please make local contacts and begin gathering letters of support, also familiarize your legislators with the intent and need.

Thank you

ESTIMATED LIQUOR TAX
FY83
Earmarked Alcohol Revenue



FY82 level \$1,809,498)
FY81 level \$1,677,479)

7.9% increase

Pen = Instadad Changes

A. State of Montana			
Liquor Excise Tax (16%)	\$	7,627,232.00	
Wine (.16 per liter)		1,107,600.00	
Beer (1.50 per barrel)		1,693,400.00	
*Liquor License Tax (65.5% of 10%)		3,122,400.00	
*Wine Tax (1/3 of .04 per liter)		92,300.00	
*Beer Tax (1.00 per barrel)		846,700.00	
<u>*Earmarked funds</u>			
Total	\$	14,489,632.00	
Total & % Earmarked		4,061,400.00	(28%)
Total & % Not Earmarked		10,428,232.00	(72%)

B. Counties (not earmarked for treatment)

Liquor License Tax (4.5% of 10%)	\$	214,516.00	
Wine Tax (1/3 of .04 per liter)		92,300.00	
Total	\$	306,816.00	

C. Cities & Towns (Not earmarked for treatment)

Liquor License Tax (30% of 10%)	\$	1,430,107.00	
Wine Tax (1/3 of .04 per liter)		92,300.00	
Beer (1.50 per barrel)		1,693,400.00	
Total	\$	3,215,807.00	

D. Total Tax Revenues

State	\$	14,489,632.00	
Counties		306,816.00	
Cities & Towns		3,215,807.00	
Total	\$	18,012,255.00	
Earmarked		4,061,400.00	(23%)
Not Earmarked		13,950,855.00	(77%)

- Total earmarked funds \$ 4,061,400.00
- Legislated expenditures appears to be disproportionate % of total earmarked funds 2,251,902.00 (55%)

ESTIMATED LIQUOR TAX

FY1983

MT. STATE	<input type="text"/>	\$ 4,061,400 (28%) *	\$10,428,232 (72%)
COUNTIES	-0- *	\$306,816 (100%)	
CITIES	-0-	\$3,215,807 (100%)	
TOTALS	<input type="text"/>	\$4,061,400 (23%)	\$13,950,855 (77%)

EARMARKED
NOT EARMARKED








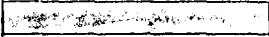
* \$1,809,498 of the State earmarked money is ultimately available at County earmarked level based on 85/15 formula.


NOTE: The above figures do not include two significant sources of alcohol revenue:


- 1) license fees at State, County, and City levels
- 2) alcohol related fines (i.e. DWI)

EARMARKED FUNDS

ESTIMATED FY1983

TOTAL		\$4,061,400	(100%)
DWI LAB		\$85,166	(2%)
ADAD ADMIN.		\$271,253	(6.7%)
DEPT. OF INST.		\$2,051	(.0005%)
CORRECTIONS PROGRAM		\$62,468	(1.5%)
GALEN		\$1,365,719	(33.6%)
DISCRETIONARY (approved program contracts)		\$465,245	(11.5%)
DIST. TO COUNTIES (on 85/15 formula)		\$1,809,498	(44.5%)

 Expenditures based on Legislative and/or ADAD

 Funding available at County level earmarked for services

City asked to donate half of alcohol tax revenue to addict counselors

By SUE O'CONNELL
Tribune Staff Writer

After one group showed the City Commission a videotape of drunk drivers Tuesday, another asked it to give half of its alcohol tax money to various groups working against alcohol and drug addiction.

A request for \$140,000 of the taxes was presented to the commission by Martin Erickson, president of the Great Falls Council on Alcoholism, and representatives of the five groups that would receive the money.

Commissioners made few comments on the request at their Tuesday morning work session, and City Manager Al Johnson said they will probably consider it during budget sessions this summer.

Erickson told commissioners the money would be repaid through lower crime, jail and detoxification costs. And rehabilitated people would also contribute their skills — and tax money — to the community, he said.

Providence Alcoholism Director Dave Hutchison echoed Erickson's concerns on money, and agreed the situation did not have to continue.

He gave as an example one 28-year-old man, referred to Providence by a judge. The man who had spent time in jail and in alcohol treatment programs.

He spent over a month at Providence, three months in a halfway house and attended Vo-Tech. In August, he started work at a local hospital.

Since then, Hutchison said, he has received two raises — and will have paid \$1,700 in taxes by July.

"This is not an isolated example," he added.

The city has traditionally used money from the tax on beer, wine and liquor to pay for its law enforcement programs. City officials have said five to seven police officers

would be cut if the city gave half of the tax money away.

The council's request breaks down as follows:

- \$66,000 to the Providence Alcoholism Center. Hutchison said the center's services have increased by 34 percent this year, while at least one source of money — the county poor fund — will be cut.

- \$39,000 for the the 7 Nations center. This proposed "storefront" center in the downtown area would serve Indians who have left a treatment program and need a place where they can receive support from other, sober Indians. Gerald Bouttier, chairman of 7 Nations, said Indians seldom have anywhere but the Rescue Mission to go once they return to the streets. Here, he said, they're likely to run into someone who wants them to take "a welcoming home drink."

Vice Chairman Tony Kranitz gave several statistics showing that alcoholism affects Indians more severely than other races in Montana.

"If these statistics were based on a communicable disease," he said, "the governor would declare a state of emergency."

- \$15,000 for NightCAP — Night

Community Action Program — to establish a network of referrals, information and transportation for chronic alcoholics. Hutchison said the program, still in the planning, would include a number of public and private agencies.

- \$14,000 for a coordinator for the Community Intervention Program, which helps junior high and high school students with drug and alcohol problems.

- \$6,000 for Bicsak Ambulance, which is required by law to respond to all alcohol- and drug-related calls even if it will not receive payment. Sarah Schumacker told commissioners about one-fourth of the calls fell in that category, and over \$100,000 was spent responding to them last year.

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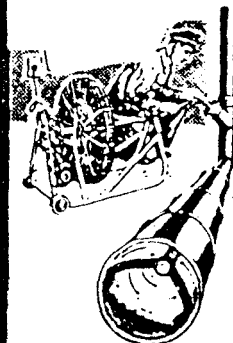
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Detox center closes doors

By RICHARD ECKE
Tribune Staff Writer

Drunk persons won't be able to dry out at Providence Alcoholism Center any longer.

The center's detoxification unit closed its doors at midnight after the Providence board of directors ordered it shut down as too costly. Eight persons working in the detox unit were laid off, Director Harold Schutt said.

The unit had no clients as of Tuesday afternoon, and it appeared no one would have to be turned out.

Starting today, local persons who can't afford private alcoholism care will be driven by volunteers to a state detox center in Galen, some 160 miles away, Schutt said.

Schutt and board members were still trying to work out details of the alternate system. Schutt said drunk persons will first be taken to the city or county jail, examined at the Columbus Hospital emergency room, then either hospitalized, driven to Galen or released.

PROVIDENCE BOARD members expressed regret at shutting down the detox unit, but said the decision was a financial one. Schutt said Providence lost nearly \$7,000 a month while running a detox center.

"None of us like what we're doing," board Chairman Jack Thibaudeau said.

* State Rep. Paul Pistoria, D-Great Falls, promised to help state-supported groups such as Providence by urging legislators to give them a bigger share of state alcohol tax money.

But Providence backers were not optimistic. Martin Erickson, first vice chairman of the board, said Providence had no guarantee of more money.

And County Commissioner Jack Whitaker said alcohol tax money may be further drained if state government merges alcohol money with mental health dollars.

Shutting down detox was not universally popular Tuesday in separate meetings of the Providence board and county commission.

SEVERAL COMMISSIONERS or board members questioned how intoxicated persons will fare without a detox unit here. They warned that lawmen may face more confrontations with alcoholics and suggested the lives of some alcoholics may be endangered.

At the Providence board meeting, member Sandra Watts was the lone opponent to closing detox. Another member, Father Anthony Gregori, abstained.

"I feel badly that it had to come to this point," Watts said. The center will be liable if something goes wrong while volunteers transport clients to Galen for treatment, she

said.

Schutt agreed the alternate plan may have some bugs.

"Sure there's going to be growing pains," he responded.

But Ray Waters, board second vice chairman, said shutting down detox was just part of efforts to get ourselves fiscally responsible again."

IN A COMPANION move, the board voted without opposition to sell the Providence building at 920 4th Ave. N. to a group of Montanans for a new alcoholism treatment center.

The unidentified buyers have paid \$1,500 in earnest money, and might purchase the building for its appraised value of \$154,000, board members said.

After remodeling, the new owners would lease the building as a profit-making in-patient treatment center, run by a firm that boasts other treatment centers in Iowa and Minnesota, Thibaudeau said. He said the new center would be similar to one operated by Montana Deaconess Medical Center.

While Providence looks for new quarters, it would lease back space in its current building, Thibaudeau said.

"We're not going to be kicked out of here or anything else," he said.

Other than detox, all Providence programs will continue, Thibaudeau added.

"WE ARE NOT closing," Waters said.

Schutt pointed out the center's finances were so bad that Providence was accused of financial incompetence last year at a state alcohol meeting. Schutt just recently became director of the private, non-profit group.

Providence stands about \$35,000 in the red, he said.

Should its building be sold, Providence will be able to pay off its debts and a bank loan for the building, Waters said. Thibaudeau said the center will seek a \$75,000 down payment from the buyers.

At the earlier commission meeting, Commissioners Franklin Sieyert and Dick Gasbois said they regret the closing of the detox center. They previously warned that some alcoholics may freeze to death without an established detox center.

Commissioners voted 3-0 to accept the closure of detox, but also said they would advertise for proposals to see if someone else could provide more services — including detox — for the same money Providence receives.

Although he voted yes anyway, Whitaker said he opposed the idea of proposals and of stripping more from Providence.

"For us to take our money out is fruitless and futile," Whitaker said.

Group seeks more tax money to fund alcoholism treatment

By JAY GOLEY
Tribune Staff Writer

The Great Falls Council on Alcoholism intends to spearhead a state-wide effort to pull a substantial amount of alcohol tax money from the general fund and funnel it into treatment programs.

Council President Marty Erickson said Tuesday that the state's 31 alcohol treatment centers can't live on what they're getting from the state. More money has to be found, and the obvious place to get it is from alcohol taxes, Erickson said.

Most of that money goes into the general fund, where it can be appropriated for any purpose the Legislature chooses. Erickson says the council plans a strong campaign to guarantee more of it for treatment.

Of \$18 million collected in liquor, wine and beer taxes this year, just \$4 million was earmarked for alcohol treatment. Another \$10 million went to the general fund. Cities and towns got another \$3 million and used it for police, according to Harold Schutt, director of the Providence Alcohol Center.

Erickson, a member of the Providence board of directors, says treatment should be top priority.

"I've always felt that the alcohol tax money, because it causes the

problem, should help to defeat the problem," he said.

An effort was made this spring to get the city of Great Falls to spend some of its alcohol tax money on treatment, but commissioners didn't buy the idea.

City Commissioner Ardi Aiken, who attended the council meeting Wednesday, indicated the city would be inclined to support an effort to get the money from the state general fund, however.

Schutt said the council won't try for the money now going to local governments because it's too little and because cities and counties wouldn't give it up without a stiff fight.

"It's reasonable to expect that cities and counties will support us if we don't go after their money," Schutt said.

He conceded that it won't be easy to wring more money from the state either, but "we might as well take on the big guys," he said.

The only other option, Schutt said, is to push for a higher tax on alcohol. That, he said, is a political impossibility.

"If you go for a new tax, there is going to be tremendous opposition,"

he said. "These are tough times."

Treatment centers like Providence, with a 1983 budget of about \$128,000, get only \$1.8 million of the \$4 million earmarked for treatment this year.

About \$1.4 million goes to Galen State Hospital and the remainder is divided among the Department of Corrections and other agencies.

Two legislators attended the meeting. Rep. Paul Pistoria, D-Great Falls, said he would support the council's efforts.

"I don't want that percentage going to the general fund," he said.

Rep. John Phillips, R-Great Falls, wasn't quite so enthusiastic.

The council has "a hell of a good case, but you obviously are going to get a fight when you start saying 'let's earmark here and let's earmark there,'" he said.

Any diversion from the general fund, Phillips said, would also mean a fight from other groups just as eager for funding.

"If you pour it into somebody's bucket, you're dipping it out of somebody else's bucket," he said.

Erickson said the council hasn't decided how much money to ask for.

More program funds sought

State Rep. Paul Pistoriz, D-Great Falls, wants to more than double the amount of state alcohol money given to county-approved alcohol treatment programs.

Pistoria told county commissioners Tuesday that alcohol treatment programs in the state's 56 counties would receive an additional \$2.5 million a year under a bill he plans to introduce in the Legislature.

The legislative session begins next month.

Pistoria said more money is needed for local treatment. The private, non-profit Providence Alcoholism Center in Great Falls closed its detoxification center two weeks ago due to money problems.

Pistoria said the plan would not strip cities or counties of any alcohol money they already receive. Instead, he said the additional money would be taken from the state Department of Institutions, which uses the money for administration.

Pistoria said he expects state Institutions Director Carroll South to

object to the bill.

But treatment programs like Providence would benefit, Pistoria said.

Providence spokesmen say such an increase might allow the center to reopen its detoxification unit, which was used to help drunken persons dry out for a few days.

In a related matter, Pistoria said he plans another bill which in part would help law enforcement officers deal with intoxicated persons. The bill would restrict lawsuits against anyone who tries in good faith to assist the intoxicated.

Local officials worry that lawmen dealing with intoxicated persons can be sued.

In 1977, city police led an intoxicated man, Patrick W. Wagar, to a tree near the police station to sleep it off. The man died. Four policemen were sued in federal court, although they were absolved last year in the civil action.

At the time of the man's death, the city had no detoxification unit.

H.B. 168

County needs a detox unit

With the recent closure of the local detoxification unit, the options for drunk people — especially the poor — who need immediate care are substantially reduced, if not gone.

Providence Alcoholism Center cited financial reasons for the unit's closure the first of this month.

Officials from the county and from the Providence center said they were sorry about the closure. But regret is not sufficient. The county must make re-opening a detox unit a priority here.

Some of the same economic conditions that resulted in the closure of the Providence unit may be creating more drinking alcoholics in need of that service.

If hard times continue, more cash-poor alcoholics, not fewer, will need detox services, and the county should provide them.

But Providence's current, stopgap plan for dealing with drunk people in need of care is not acceptable.

It calls for them to be examined at the Columbus Hospital emergency room to determine if they are sick enough to be hospitalized. If they aren't that sick, they are to be driven to Galen State Hospital or released.

Most drunk people will probably not require hospitalization, and will face the latter two options.

Volunteers would drive people the nearly 160 miles to Galen, and if something goes wrong on that trip, Providence center will be liable.

But most people will probably forego the long drive to Galen. They will have only the last option: release. They will be back where they started, untreated and out of options.

An alternative to this situation, which officials themselves have acknowledged is a bad one, must be found. Finding that alternative will be tough, and those close to the problem are pessimistic.

Pessimism, however, must not prevent a good faith effort to change things.

One hope is that the Legislature will pull more alcohol tax money from the general fund and earmark it for treatment of alcoholics. The local Council on Alcoholism will lead a statewide lobbying effort toward that goal.

Cascade County should work hard for a bigger share of alcohol tax money for treatment, and should use its share to re-open a detoxification unit.

Pistoria files bills for treatment funds

Tribune Capitol Bureau

HELENA — Rep. Paul Pistoria, D-Great Falls, has introduced legislation to get a bigger slice of the liquor tax for alcoholism treatment programs.

House Bill 168 would take about \$2 million per year that currently goes into the state general fund and add it to the \$3 million now spent for alcoholism treatment.

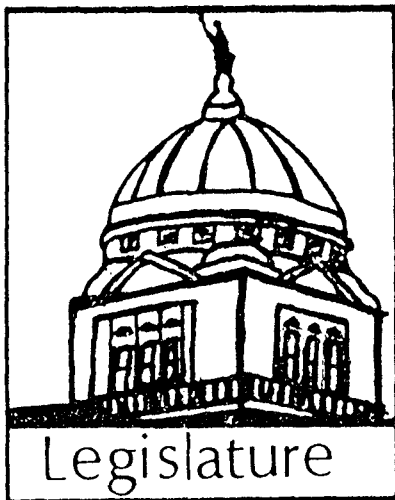
It might be tough to take a bite out of the general fund, Pistoria said, but he adamantly opposes raising the liquor tax. He said he also would oppose the governor's proposed additional 2.65 percent liquor tax for state building projects.

Pistoria said his proposal would provide Alcohol Center in Great Falls and nine similar programs across the state that are in tough financial shape.

Two basic state taxes are imposed on liquor: a 16 percent excise tax, which goes into the general fund, and a 10 percent license tax goes to cities, counties, and the Department of Institutions for alcoholism treatment. Pistoria's bill would lower the excise tax to 12 percent and raise the license tax to 14 percent.

The allocation percentages would be juggled so that cities and counties would continue to get the same dollar amounts they are currently getting.

Pistoria said Friday that if he doesn't get the additional treatment



money, he may submit a bill to repeal all liquor taxes.

Although he is opposed to increasing the liquor tax, Pistoria has a second bill ready to increase by 150 percent the annual fees for beer and wine licenses for stores and distributors. He says this would raise more than \$500,000.

A beer license currently costs stores \$200 a year and distributors \$400 a year. Wine licenses are the same. That's much too low, especially considering that stores sell much more beer and wine than do taverns, Pistoria said. The annual all-beverage license fee for a tavern ranges from \$400 to \$800, depending on population, according to Lee Williams, License Bureau Chief.

HELENA (AP) — A Massachusetts Institute of Technology economist told a legislative committee Friday that government subsidies do little or nothing to promote economic development in a state.

Belden Daniels of MIT, a key consultant for the Schwinden administration's economic development program, testified before the House Select Committee on Economic Development.

Daniels said direct government subsidies to private enterprise historically have not noticeably stimulated any state's overall economic activity.

"Good money doesn't make a bad deal good," he said, adding what he said was a favorite maxim of venture capitalists: "You can't push a string up a wall."

Daniels prepared a report for the Montana Department of Commerce last fall that outlined the advantages of joint efforts by government and the private sector to stimulate business activity through creation or redistribution of capital.

Daniels Friday urged the Legislature to adopt the administration's proposals for, among other things, a Montana Development Credit Corp., for investment of certain state funds in small businesses and for creation of venture capital companies.

He endorsed healthy income tax breaks for private investors who place their money into venture capital companies.

Daniels said he did not view tax credits as subsidies but as "investments" by the state to encourage growth of private business capital.

It is "perfectly prudent" for the government to forego tax collections in the interest of stimulating private enterprise, he said, adding that the

Senate nixes appeals limit; agrees to death row change

Tribune Capitol Bureau

HELENA — The Senate disapproved almost unanimously Friday limiting civil appeals to the Montana Supreme Court.

The action casts doubt upon the fate of a similar proposal to limit criminal appeals that is set for hearing next Wednesday.

Both proposals are from the Legislature's interim judiciary subcommittee, which drafted them after Chief Justice Frank Haswell said discretionary review would make the court more efficient.

All seven Supreme Court justices earlier asked the study committee to

them to the Legislature.

The civil appeals limitation proposal, Senate Joint Resolution 2, was adamantly opposed in a hearing Thursday by a lobbyist for the Montana Trial Lawyers Association. Justices John Sheehy, Frank Morrison and Daniel Shea also submitted letters of opposition.

The Judiciary Committee unanimously recommended that the bill be killed, and the full Senate accepted the recommendation. Only Sen. Gary Aklestad, R-Galata, chairman of the interim committee, voted for the measure.

The Senate also rejected by a 30-

said that many criminal convictions are threatened by challenges of ineffective defense counsel.

The Senate accepted a "do-pass" recommendation by the Judiciary Committee on a measure that would put the entire cost of jailing a condemned felon on the state. Present law requires counties to foot death row expenses if the felon has only a death sentence and not also a sentence of years.

The committee amended the bill to make it effective as soon as the Legislature passes it and the governor signs it. The change was requested by Pondera County Sheriff

M E M O

TO: Members of the Taxation Committee

FROM: Harold Schutt, Director
Providence Alcoholism Center

SUBJECT: Testimony in favor of HB 168

DATE: January 18, 1983

I would like to make a few brief points, in addition to the written testimony previously submitted.

1. Only those persons that purchase Liquor contribute.
2. Various tax revenues currently generate approximately \$18 million at city, county and state level.
3. Only \$4 million (22%) is earmarked for treatment.
4. Of the \$4 million earmarked, less than 1/2 gets earmarked to the county level, \$1.8 million or 10% of the total tax revenues generated.
5. A major portion of the persons served by local approved programs have no, or a seriously diminished ability to pay for services. This situation is being magnified by the current economic conditions:
 - A. Drinking related problems increased as a means to cope with lack of job related problems.
 - B. They have less ability to purchase service.
6. "No person receiving funding under this section to support operation of a state approved alcoholism program may refuse alcoholism treatment, rehabilitation or prevention services to a person solely because of that person's ability to pay for those services. (Montana Code Annotated Chapter 24, 53-24-108, item #4).

TESTIMONY OF MARTIN ERICKSON
ON HOUSE BILL 168
BEFORE THE
HOUSE TAXATION COMMITTEE
JANUARY 18, 1983

My name is Martin Erickson. I reside at 214 13th Street North, Apt. #1 in Great Falls. I am President of the Great Falls Council on Alcoholism and 1st Vice-Chairman of Providence Alcoholism Center in Great Falls.

I am here today to speak in support of House Bill 168 sponsored by Representative Paul Pistoria.

The Montana Comprehensive Plan for Fiscal Year 1983 (prepared by the Alcohol and Drug Division of the Department of Institutions) provides some interesting figures. Let me take a minute to tell you about alcohol and its abuse in Montana.

Over 101,000 Montana residents are estimated to suffer from alcohol use or misuse.

Each abuser affects an average of 4 other persons or a total of 404,000 people.

Thus over 1/2 million persons in Montana are affected.

Montana rates number one in the nation in per capita consumption of beer and fourth in overall consumption of alcohol.

Fifty four (54%) percent of all persons killed on Montana highways in 1980 had been drinking and sixty-four (64%) percent of all drivers killed had been drinking.

Nearly eighty-eight (88%) percent of state prison population had alcohol and drug problems before entering prison.

Seventy (70%) percent of the Indian population is in need of alcoholism

treatment services.

There are thirty-one (31) state supported alcoholism centers in Montana. Some are treatment centers, such as Providence, most are counseling and referral centers.

They are going broke.

As the incidence of alcohol abuse increases in Montana, due in some part to the higher level of unemployment, the money available to counsel and treat the problem decreases.

At Providence, for example, we provided \$92,000 worth of services in Fiscal Year 1982 for which we were not reimbursed.

We put together a tight 1983 budget last spring based on the information we had available from the State Alcohol and Drug Abuse Division on what we could expect in state monies.

As drinking patterns in Montana changed, that figure declined dramatically. The Providence Director, Harold Schutt, has those figures available.

If we had not discontinued our residence and detoxification programs, we would have been bankrupt in early 1983.

Providence is not alone in this situation. I think perhaps, we were just more highly visible.

While counseling and treatment are important factors in dealing with the problem of alcohol abuse, two other factors are also very important - prevention and education.

If we can stop or slow down alcohol abuse in Montana, we are surely going to save the citizens of the state a great deal of money and misery.

The Great Falls Council on Alcoholism, a voluntary private, non-profit citizens group was formed to further community awareness of alcohol problems.

I will not, at this time detail the scope of our activities except to say we are the primary instigators of House Bill 168.

Community awareness in Great Falls has grown dramatically in the last several years through the efforts of the Council and other concerned citizens groups.

We now recognize that every level of our society is affected by alcoholism from our youth to our senior citizens. Alcoholism costs Montana many millions of dollars in business and industry through lost work time, accidents and poor productivity. It costs the citizens in increased taxes to support a penal system primarily filled with inmates who commit crimes under the influence of alcohol and drugs. Broken homes; battered wives, husbands and children; juvenile delinquency - a great many of the cases can be traced to alcohol abuse.

Alcoholism is not an isolated phenomenon. It is widespread in Montana. It affects all of us.

We are not asking for an increase in taxes. We are asking for a redirection of funds from the tax source - alcohol - that causes the problem in the first place.

We are asking for sufficient funding to do the job the State of Montana has directed us to do.

We are asking to survive.

Thank you.

Honorable Members Of The Montana State Legislature:

In 1977 a comprehensive alcoholism bill was passed by the legislature. This legislation provided for an increase in the tax on alcoholic beverages to provide treatment services for persons suffering from alcoholism at the local level throughout Montana. The original bill was sponsored by what is believed to have been a record 69 House members. This bill asked for an increase of 10% in the tax on the sale of alcoholic beverages to provide these services. It was estimated at that time this would raise roughly \$6 million annually. However, the bill was amended down to 5%. Then, after the passage of this legislation, the monies available to treatment at the local level were further reduced when the funding for the state program at Galen, counseling services for the correctional system and the operation of the crime lab at the University at Missoula were appropriated out of the fund. If members of the legislature will recall, the Galen facility had been funded out of the general fund since its inception. What really happened in this instance was that legislators and other interested persons worked to pass legislation that aided the general fund in excess of \$1 million annually instead of the original purpose of funding local treatment programs. Inflation was also a significant factor in further reducing available funds. In short, what we have today is a fund of approximately \$1,800,000 for services across the state. Unbelievable as it may sound, this represents only \$400,000 more than is being spent to operate the single state program at Galen. I doubt very much if any legislators or others interested in the alcoholism movement have ever had an accurate accounting on the cost of operating the state program at Galen. Many of us who have worked extensively in the field feel that \$1.4 million is an exorbitant amount to operate that facility for a year. Furthermore monies collected from clients at that facility are put back into the general fund instead of helping defray costs of operating the program.

There is an estimated 75,000 people suffering from alcoholism in Montana. It is undoubtedly the state's number one health problem. Studies made by the National Council on Alcoholism indicate that from an economic standpoint alcoholism and alcohol abuse costs Montana in the neighborhood of \$200 million annually. This does not even take into consideration the human cost. At present, Montana has in place one of the finest treatment networks of any state in the nation. Services at present are available to every citizen regardless of their ability to pay. More than 50% of the people who suffer from this disease have no means to pay for treatment, and this figure increases with increased unemployment. The demand for services has been increasing drastically every year for the past several years. Unfortunately, some good programs have been forced to close and several others have had to greatly reduce services. This comes at a time when alcoholism and alcohol abuse in our junior and senior high schools has reached almost epidemic levels. If this outstanding system is to continue to provide badly needed services, additional funding is going to be an urgent necessity. Otherwise, there is no doubt in my mind that within the near future, it will cease to function as an effective system.

With these factors in mind, I urge this committee and the legislature to strongly consider passage of House Bill 168.

Respectfully,

Dick Baumberger
Alcoholism Programs of Montana, Inc.

H.B. 188

AMENDMENT
PASS OUT

Testimony for Hearing Tues. Jan 18, 1983
8:00 A.M. - Taxation Committee on H.B. 188
TO INCREASE BEER & WINE LICENSE FEES.

I am State Rep Paul Heston Dist #39
Great Falls, Md.

FIRST. Pass out the FACT Sheets
& the Cartoons.

Then Read the whole fact
sheet & by plain

Then Other Reason, ^{why} it is time
the LICENSE FEES for Beer & wine should
be increased for off license - Distributors
& Sub Warehouses.

The Conglomerates - Buttrys - Albertsons
Skaggs - OSCO - I.G.A - SAFEWAY - (7-11) -
CIRCLE K & Numerous others &
Distributors have been getting by too
~~easy~~ easy. Never had it so good.

~~The~~ Testers to this - we can't find
anywhere in our state, ^{low} where the Beer &
Wine fees were last raised it has been
yrs & yrs.

Now many of you are here
Against this bill to increase Beer & wine
License Fees, while everything ^{else} has go up

ashamed of your selves to be ⁽²⁾
against ^{& not opposing any increase,} this bill, ~~that~~ why would
you be against this increase?
It takes nerve to stand up here to
~~fight~~ this increase.

Your grocery stores are not
lowering your price on products, instead
are increasing your product continuously
when are you going to stop?

You pay hardly any taxes, and your
profits leave the state.

I think we need some kind of a
Regulatory Body as the (PSC) to keep you
in line.

This applies to Distributors, too
Again, if want to emphasize you all
pay much less for a license than the
Tavern Owners who do less business
than you all do. Why should you
pay less, you should at least pay the
same license fee as Tavern owners.

All of you were the ones that
spent thousands of dollars in 1978
on referendums or initiatives to get the
state out of the Wine Business -
The state lost approx. 3 million dollars
per yr since 1978 - (This was even
quoted to the Oversight Committee by
the Corp. Management Counsel, Dec. 13
1982. I heard it - That's why the state

cannot meet the

- 15,000,000 Ceiling. Now, you don't want your license fees raised. After all you are after the 500,000 dollar to sell with the rest of us. You should support our state govt like the rest of us do.

Indeed ~~the~~ The Stores that I buy Groceries from on many occasions I have been where I'd talk and ^{not} talk for ~~hours~~ buying back & wine. From now on I will turn them in.

My cartoon bares out the truth that why we have more youth drinking wine today you have encouraged it.

Well, you want your cake & Eat it, too.

I hope this committee will do everything possible to pass this Bill. This is their time to act. Again no raises for years. Please don't kill this bill. ~~Oh~~ Nothing else if you feel the increases, ^{and} do fight. Please increase the fee to what you feel is right. myself not lay an increase as will do further.

Thank you - Right to close later

Close - Needed for General

Rec'd - Tues - May 25, 1982



STATE OF MONTANA

DEPARTMENT OF REVENUE

LIQUOR DIVISION

MITCHELL BUILDING

HELENA, MONTANA 59601

May 24, 1982

FOR
H.B. 188

Representative Paul Pistoria
2421 Central Avenue
Great Falls, MT 59401

Dear Representative Pistoria:

Pursuant to your request on the above date, the information you needed is as follows:

PRESENT FEE

<u>License</u>	<u>Fee</u>	<u>Number</u>	<u>Total Income</u>
Off Premise:			
Beer	\$200	298	\$ 60,000
Wine	\$200	9	\$ 1,800
Beer/Wine	\$400	615	\$245,000
			} \$306,800
Distributors:			
Beer	\$400	20	\$ 8,000
Wine	\$400	10	\$ 4,000
Beer/Wine	\$800	28	\$ 22,400
			} \$34,400
Sub-Warehouse:			
Beer	\$400	4	\$ 1,600
Wine	\$400	2	\$ 800
Beer/Wine	\$800	2	\$ 1,600
			} \$4,000
			<u>TOTAL</u> \$345,200

If you need any additional information, please let me know.

Very truly yours,

Howard Heffelfinger
Administrator

PROPOSED LICENSE FEE INCREASES FOR BEER & WINE

June 1, 1982 - Paul A. Pistoria

After much research I believe that the License fees for Beer & Wine should be increased for OFF PREMISE; DISTRIBUTORS; & for SUB-WAREHOUSE, which I believe had now are too low compared to approx \$1400 total since fee that the Tavern owners are paying for their license.

The off premise, the distributors & the sub-warehouse use much more Beer & wine than the Tavern owners. They have been getting by with very cheap license fees. Therefore they should pay more.

I therefore propose at the 1983 Legislative Session a bill to increase the present license fee by 2 1/2 times for Beer & Wine for off PREMISES; for DISTRIBUTORS & for SUB-WAREHOUSES. AS FOLLOWS:

It will increase the present Revenue from 345,200 to \$864,500 or a \$519,300 increase in Revenue per year.

<u>LICENSE</u>	<u>FEE</u>	<u>NUMBER</u>	<u>TOTAL INCOME</u>
<u>OFF PREMISES:</u>			
BEER	— from \$200 to \$500 —	298	\$149,000
WINE	— from 200 to 500 —	9	4,500
BEER & WINE	— from 400 to 1000 —	615	615,000
			\$768,500

<u>DISTRIBUTORS:</u>			
BEER	— from \$400 to \$1000 —	20	\$20,000
WINE	— from 400 to 1000 —	10	10,000
BEER & WINE	— from 800 to 2000 —	28	56,000
			\$86,000

<u>SUB-WAREHOUSES:</u>			
BEER	— from \$400 to \$1000 —	4	\$4,000
WINE	— from 400 to 1000 —	2	2,000
BEER & WINE	— from 800 to 2000 —	2	4,000
			\$10,000

OTE \$864,500
345,200

INCREASED from \$345,200 to \$864,500

AMENDMENT TO
H.B. 188

1. Page 1, line 14.
Following: "\$500"
Strike: "\$1,250"
Insert: "\$500"



BEFORE THE TAXATION COMMITTEE

MONTANA HOUSE OF REPRESENTATIVES

January 18, 1983

House Bill 188))
STATEMENT IN
OPPOSITION

Mr. Chairman and committee members, I am Roger Tippy of Helena, appearing before you today as lobbyist and counsel for the beer and wine wholesalers of the state.

The wholesalers - there are about 50 in the state - oppose that portion of HB188 which would raise their annual license fees to 250% of present levels. We feel that the state should set all license fees at a level sufficient to cover the cost of regulating the licensees and no higher. The current fee levels are four times the cost of regulating alcoholic beverage licensees, so they should be lower, not higher. The second flaw in HB188 is that it hurts the small business much worse than the large one. It is like a head tax or poll tax which bears no relationship to the ability to pay. The third flaw in the bill is that it discriminates against wholesalers and off-premise retailers by leaving the taverns untouched. We do not advocate increasing the tavern license fees, but we submit that no case has been made for increasing one group and not increasing another.

Here are the proceeds and costs of regulation (FY1982 figures from the Department of Revenue):

License fees (breweries, wholesalers, off-sale retailers)	\$ 366,375
License fees (taverns)	<u>926,650</u>
TOTAL LICENSING REVENUE:	\$1,293,025
Operations, Licensing Bureau	\$ 124,677
Operations, Investigations-Liquor	<u>183,948</u>
TOTAL COST OF REGULATION:	\$ 308,625

Directors:
GEORGE ELLINGSON, Conrad
SANDY MacDONALD, Helena
RALPH NELLES, Billings

CHAN T. LIBBEY II, Bozeman
President

ARDELLE WATKINS, Great Falls
Vice President

KIM HEWITT, Helena
Treasurer

ROGER TIPPY, Helena
Executive Secretary/Counsel

DAN CARPITA II, Dillon
Past President

Directors
W.E. NEWHOUSE, Miles City
CARL RALSTON, Kalispell
EARL SHERRON, Missoula



January 17, 1983

REF: HB 188

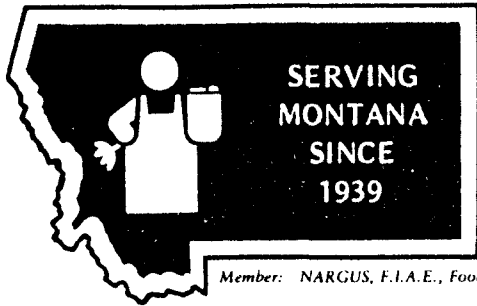
As the owner of a small wine and beer distributorship, I must speak in opposition to HB 188.

While every business should pay its fair share, a flat fee tax is inherently regressive. And when it becomes too large it is not only unfair to the small business, it can actually endanger the small business.

Montana Wine Sellers is such a small business. Montana Wine Sellers has a full time staff of two and seven part time (commission) staff, and two small delivery vehicles. It was started in 1979 to bring into Montana premium California and imported wines. Present volume is only 600 cases per month. No great future expansion is anticipated. A \$400/year license is a financial burden. A \$1000/year license has serious financial impact.

Montana Wine Sellers has just this year expanded into distributing beer. Current volume is about 200 cases per month. While some expansion is projected, premium beer sales would never be enough to justify a \$1000 annual license fee. Beer would simply have to be dropped and those sales lost if such a fee were to be instituted.

Bruce DeRosier
Owner



Montana State Food Distributors Association

January 18, 1983

The Honorable Representative Yardley and
Taxation Committee Members

The Montana State Food Distributors Association would like to go on record as opposing H.B. 188.

We are of the opinion that a license is issued to pay for administration cost to run a department. If H.B. 188 were to pass many of our smaller (Mom & Pop stores, if I may use the terminology) will be forced to quit selling either beer or wine or both.

The 150% increase in any license would create a hardship on the retail stores, and if an attempt were made to pass such an expenditure on to the customer through sales, this would mean a tremendous increase in sales to offset the license cost, which in most cases would not be possible.

If additional monies are required to help the alcoholism program let us suggest the proper method of taxation would be a tax on the product that could be passed on to the consumer, not the retailer.

MONTANA STATE FOOD DISTRIBUTORS
ASSOCIATION

Frank Capps
Frank Capps
Manager

WITNESS STATEMENT

NAME JERRY HAMLIN BILL No. HB 160

ADDRESS 2551 TEAKWOOD - HELENA, MT. DATE 1-18-83

WHOM DO YOU REPRESENT MONT. ST. HOME BUILDERS

SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: *written testimony left*

VISITOR'S REGISTER

HOUSE _____ TAXATION _____ COMMITTEE _____
 BILL H.B. 188⁶ DATE 1-18-83
 SPONSOR PISTORIA

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
Frank Ceyras	Missoula	Montana State Food distributors assn.		X
Jean Coleman	Helena	Green Meadow Mkt.		X
BRUCE DE ROSIER	HELENA	MONTANA-WINESELLERS		X
Sandra Ekberg	GT Falls	Self	X	
Bill Della	EAST HELENA	HELLA BROS		X
Joe Della	EAST HELENA	HELLA BROS		X
Darryl Meyer	GT Falls	Cascade County	X	
Richard Schutt	GT Falls	Grow. & Center	X	
Nartin Ericson	GREAT FALLS	GT-FALLS COUNCIL ON ALCOHOLISM	X	
Jo Koste	Helena	Boyd Ordway Center	X	
Helen T. De Mars	Helena	SELF - LOUIES MKT.		X

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.
 WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

NAME MARTIN ERICSON BILL No. 168
ADDRESS 214-13TH ST. NORTH #1 - GREAT FALLS DATE 1/18/83
WHOM DO YOU REPRESENT GREAT FALLS COUNCIL ON ALCOHOLISM
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WITNESS STATEMENT

NAME Harold Schutt BILL No. HB 168

ADDRESS 920 4th Ave. N. Great Falls DATE 1/18/83

WHOM DO YOU REPRESENT Providence Alcoholism Center

SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Written testimony submitted

WITNESS STATEMENT

NAME Jo Kosta BILL No. 168
ADDRESS 219 N Rodney DATE 1/18/83
WHOM DO YOU REPRESENT Boyd Andrew Carter
SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WITNESS STATEMENT

NAME Darryl Meyer BILL No. H.B. 168
ADDRESS 5364 4th ave so St. Falls DATE 11/18/83
WHOM DO YOU REPRESENT Cascade County
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WITNESS STATEMENT

NAME BRUCE DE ROSIER BILL No. 188
ADDRESS 70 So. PARK DATE 1-18-83
WHOM DO YOU REPRESENT MONTANA WINE SECCERS
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: letter submitted

STATE OF MONTANA

REQUEST NO. 100-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 14, 19 83, there is hereby submitted a Fiscal Note for ~~House Bill 168~~ pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

A bill for an act to lower the liquor excise tax; to raise the liquor license tax; and to change the percentage allocations of the liquor license tax revenue.

ASSUMPTION

The projections of liquor tax revenues for the 84-85 biennium made by the Office of Budget and Program Planning are the basis for comparison.

FISCAL IMPACT

	<u>FY84</u>	<u>FY85</u>
Liquor Excise Tax		
Under Current Law	\$7,205,000	\$7,582,000
Under Proposed Law	5,403,750	5,686,500
Estimated Decrease	(1,801,250)	(1,895,500)
Liquor License Tax		
Under Current Law	4,503,125	4,738,750
Under Proposed Law	6,304,375	6,634,250
Estimated Increase	1,801,250	1,895,500
Total Revenue		
Under Current Law	\$11,708,125	\$12,320,750
Under Proposed Law	11,708,125	12,320,750
Estimated Increase	-0-	-0-

(Continued)

David M Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-15-83

Fund Information

	<u>FY84</u>	<u>FY85</u>
General Fund		
Under Current Law	\$7,205,000	\$7,582,000
Under Proposed Law	5,403,750	5,686,500
Estimated Decrease	(1,801,250)	(1,895,500)
Allocation for Incorp. Cities and Towns		
Under Current Law	1,350,937.50	1,421,625.00
Under Proposed Law	1,355,440.63	1,426,363.75
Estimated Increase	4,503.13	4,738.75
Allocation for County Purposes		
Under Current Law	202,640.63	213,243.75
Under Proposed Law	204,892.19	215,613.12
Estimated Increase	2,251.56	2,369.37
Allocation To Department of Institutions		
Under Current Law	2,949,546.87	3,103,881.25
Under Proposed Law	4,744,042.18	4,992,273.13
Estimated Increase	1,794,495.31	1,888,391.88

STANDING COMMITTEE REPORT

January 25, 19 83

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 168

First reading copy (White)
Color

A BILL FOR AN ACT ENTITLED: "AN ACT TO LOWER THE LIQUOR EXCISE TAX; TO RAISE THE LIQUOR LICENSE TAX; AND TO CRANGE THE PERCENTAGE ALLOCATIONS OF THE LIQUOR LICENSE TAX REVENUE; AMENDING SECTIONS 16-1-401 AND 16-1-404, MCA."

Respectfully report as follows: That HOUSE Bill No. 168

~~DO PASS~~ DO NOT PASS

February 3, 1933

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 168

First reading copy (White color)

A BILL FOR AN ACT ENTITLED: "AN ACT TO LOWER THE LIQUOR EXCISE TAX; TO RAISE THE LIQUOR LICENSE TAX; AND TO CHANGE THE PERCENTAGE ALLOCATIONS OF THE LIQUOR LICENSE TAX REVENUE; AMENDING SECTIONS 16-1-401 AND 16-1-404, MCA."

Respectfully report as follows: That HOUSE Bill No. 168 be amended as follows:

1. Page 1, line 15. Following: "168" Strike: "128" Insert: "158"

2. Page 2, line 3. Following: "108" Strike: "148" Insert: "118"

3. Page 2, line 8. Following: "108" Strike: "148" Insert: "118"

XXXXX DO PASS

February 3, 1923

4. Page 2, lines 12 and 13.

Following: "100" on line 12

Strike: "144"

Insert: "118"

Following: "Thirty" on line 12

Strike: line 12 through "one-half" on line 13

Insert: "Twenty-seven and one-fourth"

5. Page 2, line 17.

Following: line 16

Strike: "Three and one-fourth"

Insert: "Four and one-tenth"

AND AS AMENDED
DO NOT PASS

STANDING COMMITTEE REPORT

January 25,

19 83

MR. ~~SPEAKER~~.....

We, your committee on..... **TAXATION**.....

having had under consideration..... **HOUSE** Bill No. **138**.....

First *reading only* **White** ;
Color

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE CERTAIN LIQUOR
LICENSE FEES; AMENDING SECTION 16-4-501, MCA."

Respectfully report as follows: That..... **HOUSE** Bill No. **138**.....

~~DO PASS~~ DO NOT PASS