MINUTES OF THE MEETING
TAXATION COMMITTEE
49TH LEGISLATURE
SPECIAL SESSION III
HOUSE OF REPRESENTATIVES

June 28, 1986

The ninth meeting of the taxation committee was called to order in room 312-1 of the capitol at 12:49 p.m. by Chairman Gerry Devlin.

ROLL CALL: All members were present with the exception of Representative Iverson, Representative Keenan, and Representative Ream. Also present were Dave Bohyer, researcher for the legislative council, and Alice Omang, secretary.

CONSIDERATION OF HOUSE BILL 52: Representative Janet Moore, house district 65, informed the committee that they heard this bill in 1985 and this bill would tax all tobacco products equally and she did not care if they smoked it, chewed it or snuff it or you stick it in your ear (she didn't care how they did it), but all should be taxed equally.

PROPONENTS: There were none.

OPPONENTS: Jerome Anderson, representing the Tobacco Institute, presented testimony to the committee as per exhibit 1.

Tom Maddox, representing the Montana Association of Tobacco and Candy Distributors, Inc., testified in opposition to this bill. See exhibit 2.

Don Ingels, representing the Montana Chamber of Commerce, testified that they traditionally oppose selective sales taxes and, therefore, oppose this bill.

There were no further opponents.

QUESTIONS ON HOUSE BILL 52: Representative Williams asked what will this bill do to a can of snooz.

Mr. Anderson responded that the wholesale price of a can of say Copenhagen is approximately $1.20 and downtown it sells for about $1.35 and this would send it up to about $1.50.

Representative Cohen asked if anyone could explain in the bill where it says, "shall be paid to the department in full less a 5% defrayment for his collection and administrative expense and shall be deposited by the department in the long-range building program debt service fund for state equalization aid to public schools".

Mr. Anderson advised that this is one of the technical problems with the bill as the provision itself is contradictive. He said that the present law requires that the tax be deposited by the department in the long-range building program debt service fund and this is for state equalization aid to public schools, but you can't deposit it in the debt service fund and then send it to the state equalization fund - it is self-defeating.

Representative Cohen asked what are the other technical problems with the bill.

Mr. Anderson responded that on page 6, this refers to the statute which applies the money that will go to the state equalization fund, but presently 100% of the money collected from the other tobacco products tax goes into debt retirement and this provision would take it entirely out of that program and put it in the state equalization.

Representative Williams noted that the technical problem with the bill would be to try and take it out of the long-range building debt service fund and put it in the public school's fund and the legislature has appropriated some of that money into the general fund and he asked if it would be wise to just strike that part about going into the long-range building program.

Representative Moore replied that her legal adviser in the legislative council told her that it is absolutely permissable to do this and she thought they would be here from the legislative council.

There were no further questions.

Representative Moore stated that the legislative council worked up the formula to get all tobacco products taxed equally and how they did that she did not know, but she thought there was a misunderstanding from the tobacco industry that it is going to be this kind of a radical increase. She advised that she found that cigarettes were taxed at 13 cents a pack and a can of snooz is taxed at 11 cents a can and there is more nicotine in a can of snooz than there is in cigarettes and a moderate snoozer can get by two days on a can of snooz and she has not found one cigarette smoker who can get by with two days on one pack of cigarettes. She concluded that they (snoozers) are getting more nicotine, more lasting enjoyment and paying less tax.

EXECUTIVE SESSION:

DISPOSITION OF HOUSE BILL 52: Representative Koehnke moved that this bill DO PASS.

Representative Cohen moved to amend the bill so that the money that is going into the long-range building program debt service fund will continue to go there and the increased revenue from this tax will go to the equalization fund.

A vote was taken on the motion and the motion passed with Representatives Harp, Devlin, Williams, Gilbert and Abrams voting no.

Representative Koehnke moved that this bill DO PASS AS AMENDED.

Representative Gilbert made a substitute motion that this bill be TABLED.

A roll call vote was taken and the motion passed with a vote of 13 ayes and 6 nos. See roll call vote.

ADJOURNMENT: There being no further business, the meeting adjourned at 1:25 p.m.

Gerry Devlin
GERRY DEVLIN, Chairman

Alice Omang
Alice Omang, Secretary

DAILY ROLL CALL

TAXATION COMMITTEE

49th LEGISLATIVE SESSION -- 1986
Second Special

Date June 28, 1986

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, Gerry, Chairman	✓		
WILLIAMS, Mel, Vice-Chairman	✓		
ABRAMS, Hugh	✓		
ASAY, Tom	✓		
COHEN, Ben	✓		
ELLISON, Orval	✓		
GILBERT, Bob	✓		
HANSON, Marian	✓		
HARRINGTON, Dan	✓		
HARP, John	✓		
IVERSON, Dennis			
KEENAN, Nancy			
KOEHNKE, Francis	✓		
PATTERSON, John	✓		
RANEY, Bob	✓		
REAM, Bob			
SANDS, Jack	✓		
SCHYE, Ted	✓		
SWITZER, Dean	✓		
ZABROCKI, Carl	✓		

ROLL CALL VOTE

_____ COMMITTEE

Date: _____ Bill # _____ Number _____

Motion: Table

Name	Aye	Nay	
DEVLIN, Gerry, Chm.	✓		
WILLIAMS, Mel, V.Chm.	✓		
ABRAMS, Hugh	✓		
ASAY, Tom	✓		
COHEN, Ben		✓	
ELLISON, Orval	✓		
GILBERT, Bob	✓		
HANSON, Marian	✓		
HARRINGTON, Dan	✓		
HARP, John	✓		
IVERSON, Dennis	✓		
KEENAN, Nancy	✓	✓	
KOEHNKE, Francis		✓	
PATTERSON, John	✓		
RANEY, Bob		✓	
REAM, Bob			
SANDS, Jack		✓	
SCHYE, Ted		✓	
SWITZER, Dean	✓		
ZABROCKI, Carl	✓		
Totals	13	6	

Exhibit 1
HB 52
June 28, 1986
Jerome Anderson

Me - Jerome Anderson
Perry Weidler) Tobacco Inst.
Mike Meione

We oppose HB52 -

1. - It doubles the tax on O.T.P.
from 12½% to 25% —
1/4 of the cost of the product -

- Hits the product hard at the same time that the Federal Gov. starts taxing the product July 1, 1986 — 24¢/pd on snuff 8¢/pd on chewing tobacco —

2. — Present gross tax collection of approx. $637,500 per year goes to Long Range Building program for debt reduction - Is pledged to retire bonds —
This bill puts all of the money - present tax collection plus increase in state equalization fund for education. It completely disrupts the Long Range Building Program debt retirement.

3 — The increase will result in reduction in sales - We have experienced sales reductions all - ready — This will further accelerate those reductions —

(1)

4. – We have been a good citizen in Montana.

We heavily support the NRA in Bozeman – for past 10 years 1.4 million dollars –

approx 130,000 to 140,000

We are a principal supporter of the Bucking Horse Show & Rodeo in Miles City –

If our taxes are so substantially increased that may cause a re assessment of our capability to spend these funds in these ways –

5. – The tax places an unfair and discriminatory burden on a small segment of the Montana population.

This group of tobacco users is required by this bill to pay an additional amount for public education. This tax would be in addition to the other taxes these people all-ready pay for public education.

Exhibit 2
HB-52
June 28, 1986

NAME: Thomas W. (Tom) Maddox DATE: June 28, 1986

1777 LeGrande Cannon Blvd. - P. O. Box 1 2 3

ADDRESS: HELENA MT 59624-0123

PHONE: (406) 442-1582

REPRESENTING WHOM? Montana Association of Tobacco and Candy Distributors Inc.

APPEARING ON WHICH PROPOSAL: HB52

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? X

COMMENTS: HB52 should be killed because it is an added burden on lower income persons fixed income persons, senior citizens who barely afford to enjoy the poor man's tobacco products—pipe tobacco, chewing tobacco, moist tobacco products, or cigars.

It is a tax that is not cost effective; provides no services nor benefits to the low ~~percentage of population paying such tax. It is a tax on an eroding tax base. Tobacco~~ sales on on the decline in Montana. State tobacco revenues are dropping. See official ~~statistics.~~

✓ HB52 is a hidden sales tax, regressive and prepaid by the Montana licensed tobacco distributors prior to marketing the products or receiving reimbursement from the retailers. It is harmful to small businesses. Once Montana had 55 wholesale tobacco distributors. Today there are 13 Montana family-owned wholesale distributor businesses. Montana once had cigar-rolling businesses on main streets, and today there are none. In fact there are no true total tobacco distributors for the few survivors must market hundreds of other nontobacco products, and they do so at extremely low percentage of profit, some as low as 1 and a fraction per cent to keep employees working and doors open.

HB52 is inflationary. If enacted a 2 oz. pack of pipe tobacco will top $2. Costs to consumers will advance 15¢ to 20¢.

Noncigarette tobacco is perishable, subject to going stale and dry. Returns, tax refunds are discouraging to wholesalers and retailers; a headache when consumers complain. Redtape often results in the wholesaler absorbing loss.

In this atmosphere of state government deficits, many view tobacco as an inexhaustible resource. Higher tax begets diminishing revenues as consumption dwindles.

The pressure of budget shortfalls plays into the hands of anti-tobacco activists. For they want nothing more than to tax the tobacco business out of existence.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Question the thinking of putting teachers in the conflicting position of getting part of their salary from sales of products many of them.

The fiscal statement errs in two areas. The Budget Director Jerry Johnson concedes a correction is in order.

GOVERNMENT SHORTFALLS

In this atmosphere of state government deficits, many individuals view tobacco taxes unrealistically as an inexhaustible resource.

Legislators need only to check with two state resources to learn the true picture. I refer to the state budget director's office and Terry Johnson who is knowledgeable of current statistics, and with the state tobacco tax administrator, James Madison.

Montana is experiencing a sharp downward trend in sales of cigarettes and other tobacco products. These figures are down, although I note that two categories among national figures are up. However, the national figures are only through 1985.

Mr. Madison of the Revenue Department shared figures which show that for 1986 tobacco tax revenues will continue downward. '85 revenue is down from '84 and '86 tobacco revenues will be lower.

The current trend for the spring of '86 is about 5 per cent downward each month.

If tobacco taxes would be doubled, — as of July 1st — I calculate the additional revenue for fiscal '87 would be $550,000 or less. — Not $1 million which I've read in the news media.

REAL PURCHASING POWER

When revenues on tobacco tax are related to the real dollar purchasing power, Montana revenues indicate that the sales of noncigarette products has been virtually flat since the tax was first collected. In other words, if the value of the dollar had remained constant since the first day of this Montana tax, the revenue would not have increased and in fact may have decreased.

THE ANTI TOBACCO PRESSURE

The pressure on increasing such tax to cope with budget shortfalls plays neatly in the hands of the anti-tobacco activists. For they would like nothing more than to tax the tobacco industry out of business.

QUESTION

The present tobacco tax is dedicated 100 per cent to the longrange bond debt service account. We question the wisdom of the bill which diverts revenue from this commitment by the state.

We wonder about the thinking of those who would depend upon tobacco for revenue to pay teachers — many of whom preach that tobacco is bad.

Montana Association of
TOBACCO AND CANDY DISTRIBUTORS
P O BOX 1 2 3
HELENA MT 59624-0123

IMPACT ON MONTANA FAMILY OWNED BUSINESS:

Enactment of HB____ to double the state tax on cigars, chewing tobacco, pipe tobacco and moist tobacco would be another damaging blow to the dwindling numbers of tobacco wholesale distributors.

When the Montana Association of Tobacco and Candy Distributors was founded in 1949, there were 55 wholesale licenses upon whom the state of Montana depended to prepay and administer cigarette sales taxes.

The tax on sales of other tobacco products was enacted in 1967. Again another tax was thrust upon the wholesale distributors who must prepay all tobacco taxes. They must pay the state tax before they can distribute the products to retail stores and await reimbursement, often after the products are purchased by consumers.

In the escalating squeeze of having to add prepaid tax to the costs of inventiories, there has been a reduction in the family-owned tobacco distributor business. There numbers have been reduced to 13 Montana — owned wholesale distributors. From 55 to 13 averages to about the loss of one Montana-owned wholesale distributor business a year in the years since the first Montana tobacco taxation.

TAX IS REGRESSIVE AND HIDDEN

The tobacco tax is regressive. Except for cigars, this tax is imposed on lower income individuals for the most part, upon shift workers, upon farmers, upon the substantial senior citizen segment of Montana's population.

The tobacco tax is hidden because it is not posted separately at the consumer point of purchase. However, the language states that it shall be considered a direct tax on the consumer. I've heard that doubling the tax might increase the cost about 5 cents. Please check this arithmetic because a sampling today indicates that a 2 oz pack of pipe smoking tobacco likely would go over the $2 mark. In checking with the Tobacco shop on Helena's main street, the owner told me that a can of moist tobacco likely would have to be increased to about $1.50, from $1.35.

Tobacco shops — as with wholesale distributors — used to be more numerous throughout Montana. Today they are almost a rarity.

The tobacco tax not only harms Montana business but selectively strikes relatively few citizens — citizens whose tobacco tax yields them no services nor benefits.

Montana Association of
TOBACCO AND CANDY DISTRIBUTORS
P O BOX 1 2 3

LIMITED SHELF LIFE AND STALES

In this body we do not have a typical crosssection of all economic levels, perhaps a millionnaire, but none in the lowest income levels. Of all those in this room, a few, perhaps only one of two persons, use tobacco other than cigarettes.

The percentage of the population using chewing tobacco pipe tobacco and cigars is diminishing.

This results in greater difficulties in handling these products. They have a limited shelf life. Wholesale distributors have especially constructed humidity-controlled rooms for storage of these products. Even with such care, they become stale. Retailers return stale products as unsaleable. Here we have products on which state taxes have been prepaid, on products that are unsaleable. The method of exchange and/or tax refunding is complex and time staking.

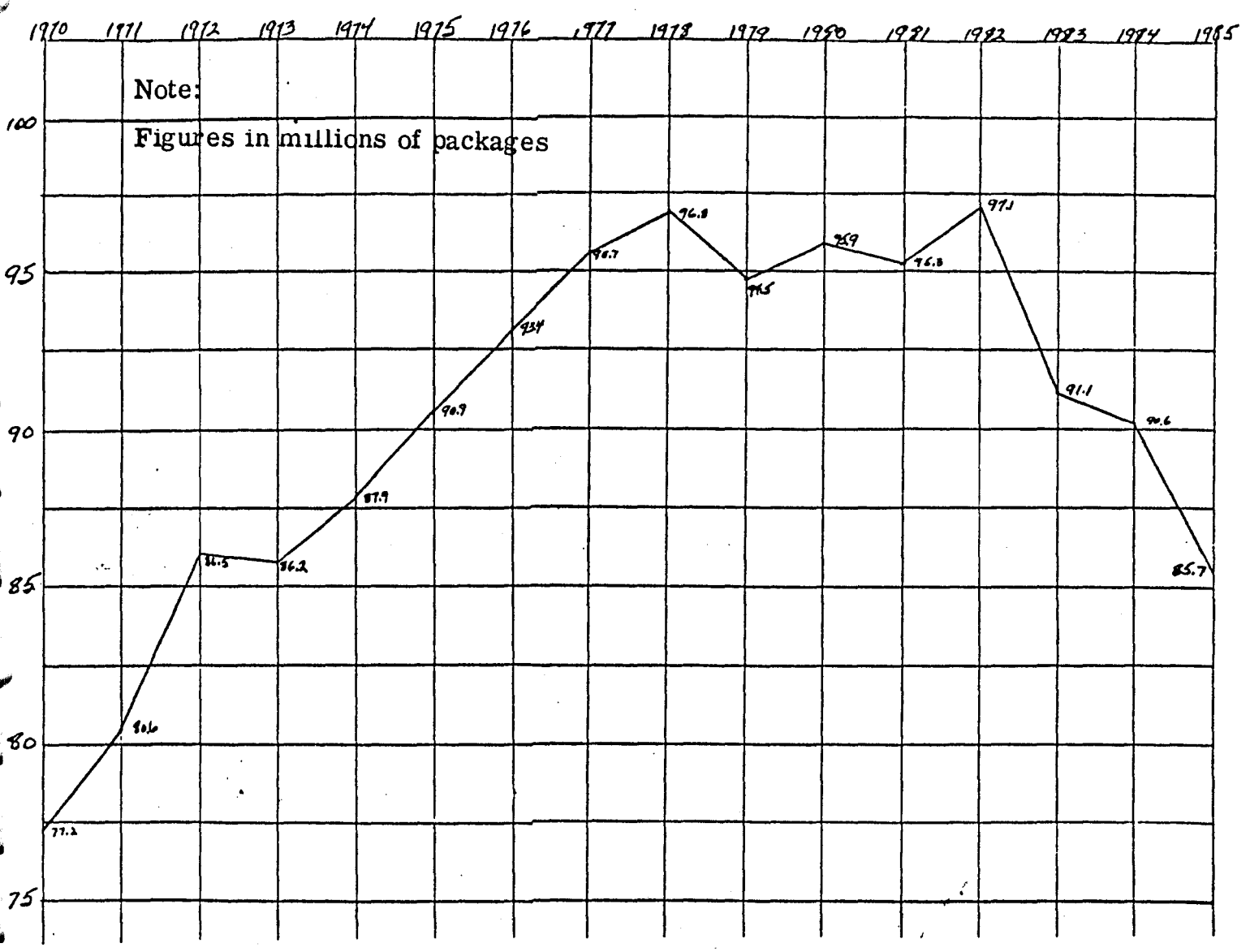
A VANISHING TRADE

Some years ago there were cigars being made right on main street. Today there are no true tobacco shops in Montana's cities. In Helena there is one which bears the name Tobacco Junction, but he survives only by selling a great variety of nontobacco products, from paperbacks to to sundry other items.

Recently we had a guest who smokes and enjoys cigars. We were having a meeting in a main street hotel. After six, we were unable to find a cigar for purchase in all of the main street stores we visited and I believe we must have visited at least six or seven places.

In recognition of these trends and problems, many states have repealed or not enacted taxes on noncigarette tobacco. Montana's other tobacco tax occurred in the frenzy of an extraordinary legislative session without normal hearing Wholesalers and retailers of tobacco products have survived only by greater diversification.

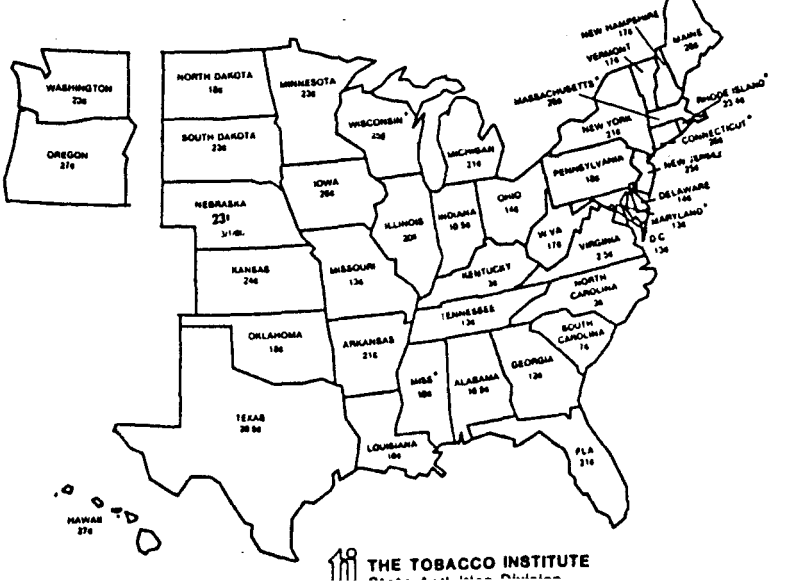
Montana Department of Revenue provided the following figures on sales of state tax-paid cigarettes: by fiscal years:



STATE CIGARETTE EXCISE TAX RATES
(As of January 1, 1986)

U. S. Intermountain states' cigarette taxes:

On the other hand, for our perspective:



THE TOBACCO INSTITUTE

U.S. DEPARTMENT OF COMMERCE BUREAU OF THE CENSUS 106TH EDITION: STATISTICAL ABSTRACT OF THE U.S.

Effective with the January 1978 index, BLS began publishing CPI's for two population groups: (1) new CPI for All Urban Consumers (CPI–U) which covers approximately 80 percent of the total oninstitutional civilian population; and (2) a revised CPI for Urban Wage Earners and Clerical Vorkers (CPI–W) which represents about half the population covered by CPI–U. The CPI–U in-luded in addition to wage earners and clencal workers, groups which historically have been ex-luded from CPI coverage, such as professional, managerial, and technical workers, the self-em-loyed, short-term workers, the unemployed, and retirees and others not in the labor force. Sepa-ate, although overlapping samples were used for the two indexes from January 1978 to January 982. Thereafter, the same samples were used for both indexes.

In January 1983, the method of measuring homeownership costs in the CPI–U was changed to a ental equivalence approach. This treatment calculates homeowner costs of the shelter based on he implicit rent owners would pay to rent the homes they own. The former asset approach incorpo-ated both investment as well as consumption costs in its measure. The rental equivalence ap-roach was introduced into the CPI–W in January 1985.

The CPI is based on prices of food, clothing, shelter, fuels, transportation fares, charges for doc-ors' and dentists' services, drugs, and other goods and services purchased for day-to-day living. rices are collected in 85 areas across the country from over 25,000 tenants, 20,000 owners, and bout 32,400 establishments. Area selection was based on the 1970 census. All taxes directly as-ociated with the purchase and use of items are included in the index. Prices of food, fuels, and a ew other items are obtained every month in all 85 locations. Prices of most other commodities and ervices are collected monthly in the five largest geographic areas and every other month in other reas.

In calculating the index, each item is assigned a weight to account for its relative importance in onsumers' budgets. Price changes for the various items in each location are then averaged. Local ata are then combined to obtain a U.S. city average. Separate indexes are also published for re-ions, area size-classes, cross-classification of region and size-classes, and for 28 local areas, usu-lly consisting of the Standard Metropolitan Statistical Area (SMSA); see Appendix II. Area defini-ons are those established by the Office of Management and Budget in 1973. Definitions do not nclude revisions made since 1973. Area indexes do not measure differences in the level of prices among cities, they only measure the average change in prices for each area since the base period. For further detail regarding the CPI, see *Consumer Price Index; Concepts and Content Over the Years*, BLS report number 517.

Statistical reliability.—For a discussion of statistical collection and estimation, sampling proce-dures, and measures of statistical reliability pertaining to the producer price index and the CPI, see Appendix III.

Historical statistics.—Tabular headnotes provide cross-references, where applicable, to *Historical Statistics of the United States, Colonial Times to 1970.* See Appendix I.

Statistics for States and metropolitan statistical areas (MSAs).—Data for States and MSAs may also be found in *State and Metropolitan Area Data Book 1986.* For cross-references, see Appendix VI.

No. 782. Purchasing Power of the Dollar: 1940 to 1984

[1967 = $1.00. Producer prices prior to 1961, and consumer prices prior to 1964, exclude Alaska and Hawaii. For 1940 and 1945, producer prices based on all commodities index; subsequent years based on finished goods index. Obtained by dividing the average price index for the 1967 base period (100.0) by the price index for a given period and expressing the result in dollars and cents. Annual figures are based on average of monthly data]

Year	Annual average as measured by— Producer prices	Consumer prices	Year	Annual average as measured by— Producer prices	Consumer prices	Year	Annual average as measured by— Producer prices	Consumer prices
1940	$2.469	$2.381	1959	$1.075	$1.145	1972	$.853	$.799
1945	1.832	1.855	1960	1.067	1.127	1973	.782	.751
1948	1.252	1.387	1961	1.067	1.116	1974	.678	.677
1949	1.289	1.401	1962	1.064	1.104	1975	.612	.620
1950	1.266	1.387	1963	1.067	1.091	1976	.586	.587
1951	1.156	1.285	1964	1.063	1.076	1977	.550	.551
1952	1.163	1.258	1965	1.045	1.058	1978	.510	.512
1953	1.175	1.248	1966	1.012	1.029	1979	.459	.460
1954	1.172	1.142	1967	1.000	1.000	1980	.405	.405
1955	1.170	1.247	1968	.972	.960	1981	.371	.367
1956	1.138	1.229	1969	.938	.911	1982	.356	.346
1957	1.098	1.186	1970	.907	.860	1983	.351	.335
1958	1.073	1.155	1971	.880	.824	1984	.344	.321

Source: U.S. Bureau of Labor Statistics. Monthly data in U.S. Bureau of Economic Analysis, *Survey of Current Business.*

No. 783. Annual Percent Change in Selected Price Indexes: 1960 to 1984

[Yearly averages. Minus sign (–) indicates decrease. GNP = Gross national product; see text, p. 427]

Year or period	Consumer prices: All items	Food	Fuel oil and coal [1]	Gas (piped) and electricity	Rent	Services	Producer prices: Finished goods: Total	Finished goods: Consumer goods	Intermediate goods	Crude goods: Total	Crude goods: Fuel	GNP deflator [2]: Total	Domestic business	Nonfarm business	PCE [2,3] deflator
1960 [4]	1.6	1.0	–.7	4.1	1.4	3.3	.8	1.0	–	–2.4	1.0	1.9	1.9	1.9	1.9
1961	1.0	1.3	2.0	.8	1.3	2.0	–	–.2	–.6	–.5	–.2	1.3	1.1	1.1	1.0
1962	1.1	.9	.5	–	1.2	1.9	.3	.3	–.1	1.0	–.5	1.9	1.5	1.5	1.5
1963	1.2	1.4	1.9	–	1.1	2.0	–.3	–.5	.3	–2.2	1.2	1.2	.7	.8	1.6
1964	1.3	1.3	–.5	–	.9	1.9	.4	.2	.3	–.9	–.4	1.2	.6	.6	1.4
1965	1.7	2.2	2.0	–	1.0	2.2	1.7	1.9	1.4	5.1	.8	1.4	.8	.5	1.8
1966	2.9	5.0	2.5	.2	1.3	3.9	3.2	3.4	2.5	6.4	3.0	3.5	3.3	3.0	2.9
1967	2.9	.9	3.1	.4	1.8	4.4	1.2	.6	.8	–5.4	3.8	3.4	3.3	3.7	2.4
1968	4.2	3.6	3.1	.9	2.4	5.2	2.8	2.7	2.3	1.6	2.3	4.3	3.7	3.7	4.0
1969	5.4	5.1	2.4	1.9	3.2	6.9	3.7	3.8	3.4	6.7	4.2	4.3	3.7	3.6	4.5
1970	5.9	5.5	4.3	4.4	4.2	8.1	3.5	3.1	3.9	3.6	15.0	4.5	3.5	3.7	4.6
1971	4.3	3.0	6.7	6.9	4.6	5.6	3.1	2.7	3.8	2.5	13.4	4.4	3.7	3.8	4.3
1972	3.3	4.3	.9	5.1	3.5	3.8	3.1	3.3	4.0	10.9	7.0	–.6	–2.2	–2.8	3.7
1973	6.2	14.5	14.8	4.9	4.3	4.4	9.1	10.8	10.9	36.4	10.6	5.8	5.5	3.9	5.7
1974	11.0	14.4	57.8	15.3	5.1	9.3	15.3	15.6	23.8	12.7	33.4	8.8	9.2	9.8	10.1
1975	9.1	8.5	9.6	16.3	5.1	9.5	10.8	9.6	10.5	.4	23.7	9.3	9.5	9.9	7.6
1976	5.8	3.1	6.6	11.4	5.4	8.3	4.4	3.7	5.1	2.9	12.4	5.2	4.8	5.1	5.1
1977	6.5	6.3	13.0	12.9	6.1	7.7	6.5	6.5	6.6	3.2	21.9	5.8	5.6	5.8	5.8
1978	7.7	10.0	5.3	9.0	6.8	8.5	7.8	7.9	7.0	12.0	14.7	7.4	7.5	7.1	7.0
1979	11.3	10.9	35.1	10.8	7.3	11.0	11.1	11.8	12.8	17.0	18.9	8.6	8.9	8.7	9.0
1980	13.5	8.6	37.9	17.1	8.9	15.4	13.5	14.2	15.3	11.0	21.2	9.2	9.2	9.8	10.2
1981	10.4	7.9	21.6	14.6	8.7	13.1	9.2	9.0	9.2	8.0	22.1	9.6	9.6	9.8	8.7
1982	6.1	4.0	–1.2	13.8	7.6	9.0	4.0	3.6	1.4	–2.9	18.0	6.0	5.6	5.9	5.9
1983	3.2	2.1	–6.0	8.9	5.8	3.5	1.6	1.3	.6	1.3	5.1	3.8	3.3	3.5	3.7
1984	4.3	3.8	2.2	3.8	5.2	5.2	2.1	2.0	2.5	2.3	–	3.8	3.4	3.3	3.2
1960–65 [5]	1.3	1.4	1.2	.2	1.1	2.0	.4	.3	.3	.5	.2	1.4	1.0	.9	1.4
1965–70 [5]	4.2	4.0	3.1	1.5	2.6	5.7	2.9	2.7	2.6	2.5	5.6	4.0	3.5	3.5	3.7
1970–75 [5]	6.8	8.8	16.4	9.6	4.5	6.5	8.2	8.3	10.4	11.9	17.2	5.5	5.0	4.8	6.3
1975–80 [5]	8.9	7.7	18.8	12.2	6.9	10.2	8.6	8.8	9.3	9.1	17.8	7.2	7.2	7.3	7.4
1980–82 [5]	8.2	5.9	9.6	14.2	8.1	11.0	6.6	6.3	5.2	2.4	20.0	7.8	7.6	7.8	7.3
1980–83 [5]	6.5	4.6	4.1	12.4	7.3	8.5	4.9	4.6	3.7	2.0	14.8	6.5	6.1	6.4	6.1
1980–84 [5]	6.0	4.4	3.7	10.2	6.8	7.7	4.2	3.9	3.4	2.1	10.9	5.8	5.5	5.6	5.3

– Represents zero. [1] Includes bottled gas. [2] Source: U.S. Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929–76*, and *Survey of Current Business*, July issues. Index 1972 = 100. [3] PCE = Personal consumption expenditures. See table 785. [4] Base year for percent change is 1959. [5] Average annual percent change. For explanation of average annual percent change, see Guide to Tabular Presentation.

Source: Except as noted, U.S. Bureau of Labor Statistics, *Monthly Labor Review.*

No. 784. Annual Percent Change in Wage Rates, Costs, Productivity, and Federal Budget: 1972 to 1984

Item	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Wage rates and earnings, private nonfarm:													
Average hourly earnings	7.2	6.5	7.6	6.8	7.3	8.0	8.4	8.3	8.1	8.9	5.9	4.4	3.9
Employment cost index, total	(NA)	(NA)	(NA)	(NA)	7.2	7.0	7.7	8.7	9.0	8.8	6.3	5.0	4.1
Union	(NA)	(NA)	(NA)	(NA)	8.1	7.6	8.0	9.0	10.9	9.6	6.5	4.6	3.4
Non–union	(NA)	(NA)	(NA)	(NA)	6.8	6.6	7.6	8.5	8.0	8.5	6.1	5.2	4.5
Nonfarm business:													
Compensation per hour	6.7	7.6	9.4	9.6	8.1	7.5	8.6	9.0	10.3	9.6	8.0	4.9	4.1
Productivity	3.7	2.4	–2.5	2.0	3.2	2.2	.6	–1.5	–.7	1.5	–.2	3.5	2.7
Unit labor costs	2.8	5.0	12.2	7.5	4.7	5.2	8.0	10.7	11.1	8.0	7.7	1.4	1.4
Federal government budget: [1]													
Receipts	10.8	11.3	14.0	6.0	6.8	19.3	12.4	16.0	11.6	15.9	3.1	–2.8	11.0
Outlays	9.8	6.5	9.6	23.4	11.9	10.1	12.1	9.8	17.4	14.8	10.0	8.4	5.4
Gross debt	6.8	7.1	3.8	11.9	16.1	12.2	10.1	6.8	9.7	9.8	14.2	20.5	14.1

NA Not available. [1] Fiscal year data; see table 491. Source: U.S. Office of Management and Budget, *Historical Tables, Budget of the United States Government, 1986.*

Source: Except as noted, U.S. Bureau of Labor Statistics, *Monthly Labor Review* and *Employment and Earnings*, monthly, and *Current Wage Developments*, May 1985.

AMENDMENTS TO HOUSE BILL NO. 52
ADOPTED BY THE HOUSE COMMITTEE ON TAXATION
JUNE 28, 1986

(House Bill No. 52 TABLED as amended.)

* *

1. Title, line 6.
Following: "REVENUE TO"
Insert: "THE LONG-RANGE BUILDING PROGRAM AND TO"

2. Page 2, line 15.
Following: "expense"
Strike: "and"
Insert: ". The remaining proceeds"

3. Page 2, line 16.
Following: "department"
Insert: "as follows: (1) 50% of the proceeds"

4. Page 2, line 17.
Following: "fund"
Insert: "; and
(2) 50% of the proceeds"

5. Page 2, line 18.
Following: "schools"
Insert: "as defined in 20-9-343"

6. Page 3, line 21.
Following: "~~16-11-202,~~"
Insert: "The state also pledges and appropriates and directs to be credited as received to the debt service account 50% of all money received from the collection of the taxes on other tobacco products which are or may hereafter be levied, imposed, and assessed by law for that purpose, including the tax levied, imposed, and assess by 16-11-202, and distributed as provided in 16-11-206(1)."

Chairman.

STATE PUB. CO.
Helena, Mont.

7. Page 5, line 4.
Following: "~~16-11-202,~~"
Insert: "The state also pledges and appropriates and directs to be credited as received to the debt service account 50% of all money received from the collection of the taxes on other tobacco products which are or may hereafter be levied, imposed, and assessed by law for that purpose, including the tax levied, imposed, and assess by 16-11-202, and distributed as provided in 16-11-206(1)."

8. Page 6, line 18.
Following: "16-11-206"
Insert: "(2)"

Chairman.

STATE PUB. CO.
Helena, Mont.

VISITORS' REGISTER

TAXATION COMMITTEE

BILL NO. HB 52 DATE June 28, 1986

SPONSOR Representative Janet Moore

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Tom Maddox	Montana Association of Tobacco & Candy Distributors		X
David Joyner	Smokeless Tobacco Council		X
[illegible]	Tobacco Inst		X
Joe Angela	MT Chamber of Commerce		X

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

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