

TAXATION COMMITTEE
45TH LEGISLATURE

An executive meeting was called to order at 9:00 a.m. by Rep. Herb Huennekens, Chairman, in room #434, Capitol Building, Helena, Montana, March 29, 1977.

Rep. Dassinger advised that upon contacting the state Attorney General's Office, they tried to get information regarding the question of whether a locality can control keno as the law now reads - 50/50 change in court if they should try to control it on the local level. The law is written to suggest local control. State law is written that if it is legal throughout the state, it is legal in a county. If the bill is amended and precisely states the localities would have control, that would be the law then.

Rep. Sivertsen suggested amending the bill to now allow any other types of gambling. Discussion brought out the fact that keno games have decreased from around 200 to around 100 in the state. It seems that the status quo has been reached as keno gambling does not seem to be getting more proliferation. Keno games have been in operation for about 3 1/2 years, Rep. Harrington advises, and don't cause a problem. He feels SB 97 has no viability, and the Legislature did adopt this in 1972.

Rep. Uhde doesn't feel keno has been legal for 3 1/2 years. If keno were banned, there wouldn't be much job loss.

Rep. Williams asked if keno is still legal. No. Bingo would still be legal. No cash is supposed to be paid out - this is a merchandise deal. Under the Supreme Court ruling they did decide keno was legal under a state-wide basis. Yes.

Rep. Waldron: Keno is more desirable to play than bingo, involving a very, very fast turnover rate. In keno you pay so much per card and you mark a certain number of spaces on the card. All the same numbers and in the same order; circle the numbers you choose. Then the blower pulls out the numbers, making for very fast turnover. So it is more desirable than bingo as far as operators go. (Odds in Montana games of keno are lousy.)

Rep. Dassinger suggested putting an amendment in SB 97 stating that keno and other games resembling bingo by the use of electronic devices or machines to be authorized by the local governing body.

Rep. O'Keefe advised the sponsor of SB 97 stated the intent of this bill is to decide whether the state or the local governing body is to control this type of gambling.

Rep. Williams questioned the attractiveness of playing only for merchandise.

Rep. Bertelsen feels gambling gets into dishonesty.

Rep. Sivertsen moved to amend SB 97 by placing a delayed effective date on it of July 1, 1979. He felt this would preclude installing any more of these machines and would give those in the business now a chance to

get out if they chose. Motion carried 10-6. Reps. Fabrega and Hirsch absent.

Rep. Vincent made a substitute motion that an effective date of January 1, 1978 be amended into the bill. Motion failed 5-10 - Reps. Fabrega and Hirsch absent.

Rep. Waldron feels there should be a distinction between keno and poker.

Rep. Waldron moved a substitute motion that SENATE BILL 97 AS AMENDED DO PASS. Motion carried by a vote of 10 - 6 with Rep. Fabrega absent.

SENATE BILL 87 - Rep. Fagg moved that SENATE BILL 87 DO PASS. Rep. Williams made a substitute motion of DO NOT PASS. This motion carried with Rep. Fagg voting No, Reps. Fabrega and Harrington absent, and 14 voting Yes.

SENATE BILL 102 - Rep. Bertelsen moved that SENATE BILL 102 DO PASS.

Motion carried. Reps. Severson, Fabrega, Uhde, Harrington, and Gilligan were absent. 12 voted yes. Rep. Sivertsen will carry the bill on the floor.

SENATE BILL 112 - Rep. Dassinger made a motion to recommend SB 112 DO NOT PASS. This is a gasoline importers' tax. The DOR has not been enforcing collection of this tax as it is under present law, and since most trucks are diesels at the present time, the gasoline tax is not a workable tax.

Rep. Sivertsen made a substitute motion that SENATE BILL 112 DO PASS. Rep. Dassinger voted No. Reps. Fabrega, Gilligan, Severson, Harrington and Fagg were absent. 11 members voted yes. Motion carried. Rep. Ed Lien will carry the bill on the floor of the House.

SB 65 was discussed. Rep. Sivertsen moved an amendment on page 2, line 13 after the word "leased" insert: "in whole or in part". This would provide that if any part of the building is leased, it would make none of the building eligible for the tax exemption. Amendment was unanimously adopted.

Rep. Underdal moved that an amendment to make it unlawful to be able to comply if food or beverages are sold. This motion was withdrawn.

Because of the mandated mass reappraisal, these community buildings will have to be appraised and taxed. A number of organizations will not be able to keep their buildings if taxed according to law.

Rep. Sivertsen moved that line 23, page 1, following: "services", insert: "and does not sell food or beverages under license from the state of Montana". This motion was adopted unanimously.

Rep. Lien moved that SENATE BILL 65 DO PASS AS AMENDED.

Rep. Williams expressed reluctance to stick taxpayers by subsidizing taxes on fraternal buildings, some of which are quite expensive buildings, although others are very modest. Rep. Williams moved that

58 - March 29, 1977.
page 3

the committee take this bill into further consideration and not act upon it now. Motion was adopted.

Meeting adjourned at 11:30 a.m.



REP. HERB HUENNEKENS, Chairman