

MINUTES OF THE MEETING

PUBLIC HEALTH, WELFARE AND SAFETY COMMITTEE

April 5, 1977

The thirty-eighth meeting of the Senate Public Health, Welfare and Safety Committee was held in Room 405 of the State Capitol Building on the above date, called to order by Chairman Stan Stephens at approximately 11:00 A.M.

ROLL CALL: All members were present.

EXECUTIVE SESSION ON HOUSE BILL 627: Senator Norman opened discussion on the bill with following observations:

- 1) 5% tax now on liquor sales and \$3.25 a barrel on beer -
- 2) This bill, if passed, however, would raise these figures to 15% and \$4.75 per barrel. Some think 10% would be enough - the amount of revenue generated varies widely. There is considerable discussion whether the money should be earmarked to a "division" rather than a "department" - this is unusual but not unprecedented - how much money should be given to a "division" rather than a "department"? HB603 is tabled in House Taxation - it deals with essentially the same problem.

The proposed increase in the State's taxation of certain products demanded extensive and lengthy testimony and questioning. Senator Rasmussen established, through questions to Mike Murray and Don Holmes that the proposed "division" would replace the "Bureau" (of Addictive Diseases).

Dave Lewis, Office of Budgeting and Planning, said, as the bill is written now, there is a certain percentage of tax that would be set aside for alcoholic treatment - but in the general fund, they were criticized by people in alcoholic "association" of the state that they had not appropriated all the money collected. Lewis feels, then, that monies should be earmarked.

Representative Gerke said the legislature itself tried to get away from the earmarking of funds. Senator Himsl asked if there is an appropriation in the Institutions budget now, and the answer was negative, there are no funds in the budget now. Mr. Murray said the advantage of earmarking is it is a clear auditing trail. Representative Gerke said any funds generated by this bill would go for alcohol treatment and not to pay state's debts, as suggested by Mr. Murray. Senator Stephens said there is more control and accountability in general funds; earmarked

funds tend to go along forever. Senator Roberts said the distinction is not as great as it once was between general funds and earmarked funds. And, if there is a surplus, it is going to be co-mingled with other state funds.

Mr. Lewis said he would have to set up a reserve fund in the general fund if Committee stipulates certain monies for alcohol program; he would just as soon Committee would put it in an earmarked fund.

It is an earmarked fund now - 4/5 of it goes to cities and counties; 1/5 goes to general fund. This bill will just increase tax and continue to earmark but the program is changed in structure and size, also, by bill.

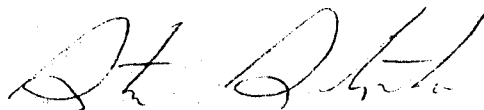
Tom Briggs said, under the law as it is now written (5% tax): 4/5 goes to cities and counties and 1/5 goes to the general fund. The law says, "to be used for alcoholic programs" - people say it's not being used for alcoholic programs. The problem is the 4/5 going into cities and counties they cannot track. They have appropriated more from the general fund than was brought into it by the 1/5% - they have spent about twice what was allocated.

When Senator Norman asked where the money would go once it's collected, Mr. Murray handed out two reports (Exhibits "A" and "B").

Mr. Briggs gave the Committee more figures to consider in relation to location, region, projected costs for '78 and '79, etc. (Exhibit "C"). A more complete report on other figures needed by Committee was requested by the Chairman.

Chairman Stephens then asked the Committee members if they would be agreeable to meeting back in Committee upon adjournment today to consider more facts and figures before taking action on this bill. (See Exhibit "D" for HB627 history.)

ADJOURNMENT: Chairman Stephens then adjourned the meeting.



STAN STEPHENS, Chairman

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EXHIBIT "A"

PERCENT FACTOR OF LIQUOR TAX

by COUNTIES & REGIONS

Region I	17	--	.1193942
Region II	9	--	.1980963
Region III	11	--	.1050973
Region IV	12	--	.2570985
Region V	7	--	.2311979
			<u>1.0008842</u> (error - .0000020 - \$3.768748)

Region I

Phillips	.0070999
Valley	.0132999
Daniels	.0039997
Sheridan	.0090995
Roosevelt	.0154995
Richland	.0110997
McCone	.0025998
Garfield	.0015994
Dawson	.0114998
Prairie	.0015994
Wibaux	.0015994
Rosebud	.0118999
Treasure	.0010995
Custer	.0186995
Fallon	.0045999
Carter	.0017995
Powder River	.0022999
	<u>.1193942</u>

Region II

Blaine	.0082998
Hill	.0227996
Chouteau	.0072005
Liberty	.0024995
Cascade	.1147999
Teton	.0061994
Pondera	.0080997
Glacier	.0191994
Toole	.0088995
	<u>.1980963</u>

Region III

Big Horn	.0094997
Carbon	.0109999
Sweet Grass	.0048997
Stillwater	.0058995
Yellowstone	.1360998
Musselshell	.0052999
Golden Valley	.0007997
Wheatland	.0041998
Judith Basin	.0028996
Fergus	.0139998
Petroleum	.0004999
	<u>.1950973</u>

Region IV

Park	.0171998
Gallatin	.0505998
Madison	.0077999
Beaverhead	.0122995
Deer Lodge	.0201998
Silver Bow	.0644001
Jefferson	.0061999
Broadwater	.0036999
Meagher	.0032997
Lewis & Clark	.0596999
Powell	.0081995
Granite	.0034998
	<u>.2570985</u>

Region V

Ravalli	.0182999
Missoula	.0936395
Mineral	.0062997
Sanders	.0096997
Lake	.0195996
Flathead	.0653999
Lincoln	.0181996
	<u>.2311979</u>

EXHIBIT "B"

BUDGET HB627 - 15%

STATE OPERATED PROGRAMS:

Alcohol Bureau \$ 185,681 - *includes alcohol service assistance bureau*

Galen:

Alcohol Treatment &
Rehabilitation Center

993,324

TOTAL

\$ 1,179,005

CONTRACTED PROGRAMS:

	<u>Current</u>	<u>Expanded</u>
Region I	\$ 129,248	\$ 1,099,808*
Region II	247,525	1,021,087
Region III	147,237	600,000
Region IV	85,980	675,197
Region V	<u>111,121</u>	<u>914,683</u>
TOTAL	\$ 721,110	\$ 4,310,775

YOUTH TREATMENT PROGRAM \$ 244,772

PREVENTION PROGRAM 75,182

COMMUNITY RESIDENTIAL &
HALFWAY HOUSES

160,947

TOTAL

\$ 480,901

GRAND TOTAL

\$ 5,970,671

* Glasgow Residential - \$618,267.

E X H I B I T "C"

FISCAL IMPACT OF HB627

<u>Source</u>	<u>FY'78</u>	<u>FY'79</u>	<u>Biennium</u>
Department of Revenue			
Liquor Tax 5% (current law)	\$ 2,029,000	2,130,000	4,159,000
Liquor Tax 15% (HB627)	6,087,000	6,390,000	12,477,000
Beer Tax (current \$3.25 bbl) (FY'78 842M bbl; FY'79 915M bbl)	2,736,000	2,974,000	5,710,000
Beer Tax (HB627 \$4.75 bbl)	3,999,000	4,346,250	8,345,250
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Total Liquor & Beer (current)	4,765,000	5,104,000	9,869,000
Total Liquor & Beer (HB627)	10,086,000	10,736,250	20,822,000
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Legislative Fiscal Analyst			
Liquor Tax 5% (current law)	2,093,750	2,218,750	4,312,500
Liquor Tax 15% (HB627)	6,281,250	6,656,250	12,937,500
Beer Tax (current \$3.25 bbl) (FY'78 857M bbl; FY'79 914M bbl)	2,786,000	2,972,000	5,758,000
Beer Tax (HB627 \$4.75 bbl)	4,070,750	4,341,500	8,412,250
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Total Liquor & Beer (current)	4,879,750	5,190,750	10,070,500
Total Liquor & Beer (HB627)	10,353,000	10,997,750	21,349,750

EXHIBIT "C"

REGIONAL COUNCILS

REGION	# OF MEMBERS	# OF ALTERNATES	MEETINGS	COST FY 76	COST FY 77
I	21	12	1/month	\$ 7,219.65	\$7,500.00
II	18	16	1/month	11,526.70	9,700.00
III	19	20	1/month	6,682.60	5,800.00
IV	20	20	1/month	10,032.13	8,600.00
V	14	14	1/month	6,883.10	7,200.00
TOTAL	92	82		\$42,344.18	\$38,800.00

The Big Sky Country

MONTANA STATE HOUSE OF REPRESENTATIVES

REP. WARREN O'KEEFE
DISTRICT NO. 43
1409 1TH AVE. SOUTH
GREAT FALLS, MONTANA 59405

Apr. 4, 77

COMMITTEES:
TAXATION
HIGHWAYS AND TRANSPORTATION

Testimony on HB 627

Dear Mr. Chairman

I wish to relate to you the history of

HB 627.

- Assigned to Highways & Transp.
- " " Subcommittee

2 Separate & long open hearings (one vito)
2 Exec. sessions

Bill Amended To reduce the TAX AMOUNT.

- Re-assigned to TAXATION.

AN Exec Session was held - plus
another expanded exec in which open
Testimony was allowed. In this session Mr.
Murray (head of alcohol & Drug Abuse) was
required to justify the \$ amounts.

Full Tax was reinstated.

- After considerable debate in the house - TAX
in Bill was upheld.

There is a lot of concern that the monies will
be used as intended & effectively. The 1.7 million per

money. I sat on + was a member of all
committees + sub. com. on this bill + feel
strongly for the bill as a needed piece
of legislation.

Warren O'Reef

EXHIBIT "E"

ALCOHOL LICENSE TAX -

(July 1, 1975 through June 30, 1976)

5% license tax - distribution:

1/5 retained by State.....\$ 368,771
 4/5 to counties..... 1,475,084
 of 4/5 counties retain 1/4.....\$ 368,771
 of 4/5 cities receive 3/4..... 1,106,313

10% license tax distributions:

1/5 retained by State.....\$ 737,542
 4/5 to counties..... 2,950,168
 of 4/5 counties retain 1/4.....\$ 737,542
 of 4/5 cities receive 3/4..... 2,212,626

25% of counties share - \$184,385 for alcohol treatment
 Counties retain..... 553,157 (increase \$184,386)

Beer: (\$3.00 per barrel)

State.....\$1,035,097
 Cities and towns..... 1,035,097
 \$0.25 per barrel for State - \$180,018

Beer: (\$3.50 per barrel)

State.....\$1,035,097
 Cities and Towns..... 1,380,129
 \$0.75 per barrel for \$540,054
 appropriation to alcohol treatment.

TOTAL INCREASE TO STATE LIQUOR.....\$ 368,771
 TOTAL INCREASE TO STATE BEER..... 360,036
 TOTAL.....\$ 728,807

(INCREASE TO COUNTIES...\$ 184,386)

(INCREASE TO CITIES.....\$1,451,345)