

2/22/79

## HOUSE TAXATION COMMITTEE

## 46th Legislature

Rep. Herb Huennekens, Chairman, called the meeting to order at 8:30 a.m., February 22, 1979, in room 434, Capitol Building, Helena. All members finally were present except Rep. Fagg. Staff Attorney, Randy McDonald, was present.

House bills 724, 744, 753 were to be heard.

Rep. R. Budd Gould, District #98, Missoula, sponsor of HB 724, changes the distribution of the license tax on liquor and should be for programs approved by the department of Institutions. Would reallocate money to the counties that have an alcoholism program. The license tax of 10% has not been spent for what the legislature intended Rep. Gould feels. Two-three percent for law enforcement, but that 2% plus the 5% is going directly to client services. Must do something for the person needing the help. He wants it to go for the client.

HOUSE BILL 724

Dean Zinnecker, Montana Association of Counties, Helena, said under present funding, the state gets 1/3 for alcoholism programs. Counties get 1/3, 50% of which goes to cities and has no restrictions. Of the portion going to counties, 6/7ths goes for alcoholic treatment, 1/7th is free. He feels cities should get more involved in funding for alcoholism and alcoholic programs. This bill will do that. Cities and counties should be treated the same. Should earmark funds. Counties are having a problem with paying the costs where the alcoholic is located - cannot use any money for a hospital that does not have an alcoholic program. Recommends reinserting old language on page 2, line 21 which would allow counties to receive money for more flexible purposes. See testimony accompanying.

## Opponents -

Bill Gregg, Missoula, said it will take 3.11 mills more to continue their programs. Will have to have more funding or self-motivation is the key to cure for alcoholism. The question is where are the police when a bad accident occurs. \$140,000 loss in the liquor tax to Missoula and so had to lay off 8 policemen. The legislature's intention was very good when taking an alcohol tax to cure alcoholism, but it hasn't worked that way - we are unable to get any help. It costs \$115-\$150 a day in a detox center. He's convinced many don't care where they sleep. The program is way too expensive on this basis. Does not support HB 724.

Jim Nugent, City Attorney, City of Missoula, urges the committee to kill the bill. There are law enforcement problems. Impact on communities when funds are earmarked. This bill takes money away from the cities. Not all problems associated with alcohol can be handled through alcoholism programs - must look at efficiency of programs as they have existed so far. The program at the hospital is inefficient and included in the cost of the programs already there. Further, individuals in the programs are supposed to come and get them.

The police department is expected to regulate programs associated with alcohol, but are not given any money with which to do this. They must pick the alcoholics up and detain them until someone comes and picks them up. They provide taxi service and supervision and are not receiving any funds - this will greatly affect programs in Missoula. Urges kill the bill.

Doug Chase, City of Missoula, Police Department, has 15 years as police officer in charge of 15-17 officers on the night shift. He deals with many problems connected with alcohol - 70-95-100% will be alcohol related as the hours progress. All are not intoxicated, but it would not be wrong to say that alcohol had some effect. Any cutback in funds would be a cutback in police officers and would be a tragedy. Opposes HB 724.

Lucille Mills, Billings City Council, Billings, opposes HB 724. They are not receiving sufficient funds for rehabilitation. See testimony accompanying.

Dan Mizner, Montana League of Cities & Towns, Helena, opposes HB 724. He thinks there is some confusion about the alcohol treatment monies. In 1959, the legislature set aside a tax for counties and cities with the majority going to cities and then two years ago, they put on a tax for the purpose of alcoholic treatment - the tax money you should only be talking about is that money put on two years ago and not what had been already put on in 1959. Sixty-five towns had to operate with a 5% tax reduction which was allowed, and now you want to take away other money and this creates a direct reduction to 126 towns and cities which goes for policing and there would only be property tax to make up for the loss.

If you impose an expenditure on cities, you must provide another source of revenue. People living in the city are part of the county. Instead of dividing 50/50, leave that money with the county and administer programs at the county level. It's not the counties' money, it's earmarked money for alcohol treatment programs. Pass the money that is earmarked for alcohol treatment so that the counties can provide alcoholic treatment for all the people living in the county.

Rep. Bob Dozier, Billings, said one of the problems with law enforcement, is that 75% of the population in Yellowstone County lives in Billings. Two percent of operational costs of the sheriff's department - \$21,533 - goes for use of Billings jail. Billings police are responsible for enforcing state laws at 126 establishments in the City of Billings. If counties want money now going to cities, the police should handle police problems. He feels city residents are paying double.

Rep. Fabrega, District #44, said in 1977 the legislature made a mistake in HB 627 in not putting on a high enough tax. Social drinkers cause more calls by the police department than the true alcoholics do. It has increased 5% since that time. It will be wrong not to take care of the problems of social drinking. Need to find a formula to give the sheriff's department more funding. This intent is to put a little bit back again. Recommends killing this bill.

Rep. Gould closed saying we don't need a lot of small splintered programs running off everywhere. He disagrees with Rep. Dozier as to what it costs to put drunks in jail. One of the problems is the cost of putting a person in a hospital overnight which was required by law last session. Alcoholics are not criminals, they are sick. There should be an additional tax - 97% of the cities' money was going for law enforcement and 3% for rehabilitation, and this needs to be changed. Has no problems with raising the tax, but what the tax should be going for and not saying it goes for one thing and not going to another. Persons causing problems should be rehabilitated instead of more policing.

Questions from the committee -

Rep. Dozier mentioned one part of that bill states that if the counties are not spending that money for alcohol programs, that money would revert to those counties that have a good program.

Rep. Sivertsen thought maybe money could be better spent in alcoholic programs. It is not better spent to trying to spend for people who don't want to be reformed. More policing may be necessary. Mr. Gregg said incarceration hasn't worked.

Rep. Sivertsen asked how do you think this could be made to work better - there has to be some means by which we can improve on this alcoholic problem. Mr. Chase said he was not sure - they have not used this service until January 13. Many of the people they become involved with don't wish any part of the program and many who need part of the program absolutely reject it. It's the same persons over and over again - they are looking for a room for the night.

Rep. Robbins asked what does the law specifically say about money going to the cities? 16-1-105 allows cities to regulate the sale and use of liquor he was advised. Rep. Robbins asked how many cities are contributing to an alcoholic program now? Mr. Mizner said he couldn't tell at the moment. Rep. Robbins asked if this bill is to return the money to the state if it is not being used for an alcoholism program. Rep. Gould said if there is not a program in the county, it would be returned to the Department of Institutions and returned to those counties that do have a program.

Rep. Underdal asked if there is any program addressing treatment of alcoholism in Missoula. Rep. Gould said only one. Rep. Underdal remarked the sale of alcoholic beverages is not being discouraged.

Rep. Sivertsen asked if this will cause or encourage those people to devise some sort of program to retain the money? Rep. Gould said he would hope not. It would be used for contracted services. Rep. Sivertsen that counties would have programs approved by the department of institutions.

Rep. Francis Bardanouve, District #6, Harlem, sponsor, explained HB 753 would keep Montana from buying wine at the lowest possible price. Sets the tax on table wine at a rate that would net the amount of revenue to the general fund before enactment of Initiative #81 last fall. Feels the state needs a bit of additional revenue from wine. The amount of assessment might be adjusted. If the crunch gets bad enough, will need some additional revenue.

HOUSE BILL  
753

Opponents -

Leonard B. Eckel, Montanans Who Like Wine, Clancy, MT, opposes HB 753 most strongly. Is opposed to being called a tool of the Safeway and stores. See written testimony accompanying.

Roger Tippy, Committee for Licensed Wine Distributors, Helena, explained the statement in opposition he passed out to the committee, copy of which is attached. He urged the committee not to "pour any wine into old revenue expectations!" Opposed HB 753.

Concetta Eckel, representing Consumers, Clancy, opposes HB 753 unless it is

Rep. Bardanouve said in closing the testimony that this will price wine off tables is not true - it will not do this. It would be encouraging to lower the price of wine, but it cannot be lowered under the law. Cannot violate the intent of law. See everywhere the problem of the terrible, terrible price of alcohol. Alcoholism in France is caused by wine. Wine is not just a social drink - it has other connotations. Should consider if we want to promote wine sales in order to increase our revenue.

Rep. Reichert mentioned to Roger Tippy the question of using "metric equivalent". He said most wines are sold by liters.

Rep. Williams mentioned the purpose of 81 was to be able to buy table wine at a lower price. The fiscal note says it would bring in about three times what is being brought in at the present time.

Rep. Fabrega asked what the existing tax in effect from the liquor division per gallon is. He was told 32¢ per bottle. There was some question as to the legislature daring to do anything with the initiative. The initiative, without the senate bill put in it, put the distributors in the place of the state. Feels they will be quite a bit of competition.

Rep. Fabrega said this would increase the wholesale and retail cost. The initiative requires a distributor to pay the tax whether he has sold the product or not. Beer distributors take their markup on the tax and hope to do the same with wine, Mr. Tippy explained.

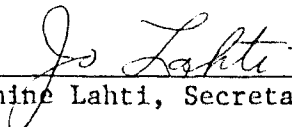
Rep. Vinger asked if the state cannot undersell the private outlets. Mr. Eckel said if the state wanted to buy wine from a distributor, they cannot undersell the grocer down the street on the same product.

Rep. Gilligan thinks it is a convenience to buy it at a liquor store as well as at a store.

Rep. Nordtvedt asked that HB 744 be postponed since he wanted to collect more information.

Meeting adjourned at 11:15 a.m.

  
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REP. HERB HUENNEKENS, Chairman

  
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Josephine Lahti, Secretary