

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

February 14, 1979

The twenty-sixth meeting of the committee was held on the above date in Room 415 of the State Capitol Building with Chairman Turnage presiding.

ROLL CALL: Roll call found all the members present. Witnesses giving testimony are listed on attached Register.

CONSIDERATION OF SENATE BILL 309: Senator Palmer introduced his bill which would allow cash prizes for Bingo in this state. He said he was introducing the bill at the request of a senior citizens' group from Missoula. He said the bill specifically excludes any slot machines; he had checked with the Attorney General and was convinced the bill would not allow slots or any other similar form of gambling. He also said he wanted the bill amended to state 'may not exceed \$100' instead of \$500 as the bill is now.

The Chairman then asked for other proponents, and there being none, permitted testimony from opponents. Mr. Cusman was first to give testimony and said he felt this was a special interest piece of legislation and would open gambling to 'game devices.' Also speaking in opposition was Jane Phillips who said gambling interests had opportunity to get gambling on the ballot last fall, but since they didn't come up with the required number of signatures, this indicated the people of the state did not want gambling.

The Chairman asked for additional testimony and then permitted Senator Palmer to close. Following this, the hearing on SB309 was ended. A letter in opposition was introduced, Exh. #1.

CONSIDERATION OF SENATE BILL 358: Senator Regan presented his bill and said the act would allow people by local initiative to impose a special tax for improvement of their county and city streets and roads. She said her intent was to have the tax triggered solely by the people living in the county where the tax is imposed. Mr. Tobiason spoke as a proponent to the bill and said he had recently appeared in opposition to a 2¢ gas tax but supported this bill because it is through the vote of the people that they may impose this tax. He said further all counties and cities do not have the same needs and if the various governing jurisdictions need the tax then they can impose their own tax. Proponents also included Mr. Paulsen, Mr. Teigen, Mr. Manion also Mr. Bauer and Mr. Mizner. Beverly Gibson stated their support of the bill, however, she expressed some concern that some of the funds would be eaten up through administration and said that at the present time there is no way to set up a rebate system within the county.

Mr. Thelan said he had heard a number of related bills, but favored this one as it gave the option to the counties and towns,

and did not force a tax on them. Mr. Reisick spoke also as a proponent and introduced his written testimony, see Exh. #2, attached. Alice Frysley spoke also in support of the bill.

Chairman Turnage then asked for opponents to the bill and those with amendments. Mr. Beck had some questions on the bill and expressed his concern as to the method he would employ in handling the tax, as a distributor. He also asked about the special fuels portion of the bill and how the individual could get his refund under the bill. Mr. Nelson said counties having one larger town could vote such a special tax and rural areas then would have no option. He said he would favor a tax that would assure completion of the state highways. He also said he would like assurance that the moneys would go where they are intended and not get used for some other purposes.

The Chairman asked for other witnesses and there being none, permitted Senator Regan to close. She mentioned two amendments she would like to see included in the bill, on line 23, strike "may" and insert "shall". This was in answer to Mr. Nelson's concern. And to further amend by inserting 'governing body of a county' on page 1.

Chairman Turnage questioned Mr. Nichols of the Department of Revenue if the legislation would cause any problems in the collection of tax and the response was that it would not. During the questioning Senator Goodover asked about people driving to another county to obtain cheaper gas and Senator Regan agreed there would be some traffic for this reason. However, she stated, the alternative would be to impose a statewide tax. The suggestion of changing the bill to 3% for administrative purposes was also made. Hearing was then closed.

CONSIDERATION OF SENATE BILL 384: Senator Boylan presented the bill and said it was aimed at the problems of workers at the Decker Mines, located in Montana, living in Wyoming. He said at present the employees at the mine can deduct only the expenses related to production of the income. Mr. Mockler also spoke, explaining the bill, and said the workers should be permitted to deduct the greater of the deductions related to their Montana income or a prorated amount. He said the bill should be amended to include language on Exh. #4, attached. Other proponents included Mr. Johnson, a CPA, also testified as did Joe Crosswhite.

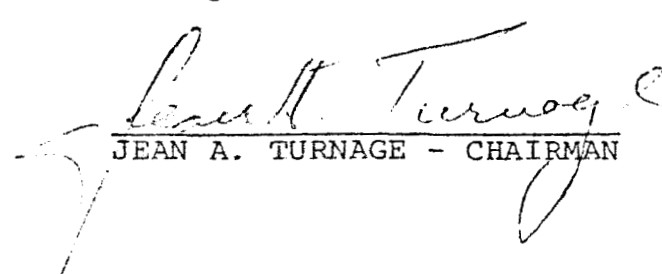
The Chairman called for additional proponents and then, opponents. Mary Craig of the Department of Revenue spoke as a neutral and said because of administrative problems, adjusted gross income must be put back into the bill. The committee was then permitted to ask questions of the witnesses. Mr. Johnson said without the adjusted gross income amendment the legislation would affect perhaps 25,000 people; with it, 500 to 1,000 persons would be affected. He further continued that without this legislation the workers could deduct no interest payments, property tax payments, medical, sales tax, similar deductions. The Chairman pointed out that HB440 does the same thing and this bill, with its Fiscal Note, was distributed to the committee for their comparison to SB384. The hearing on SB384 was then closed.

CONSIDERATION OF SENATE BILL 402: Senator Towe introduced his bill which was a gas tax bill and would raise the gasoline license tax from 8¢ to 10¢ and distributed this revenue 50% to municipalities, on population basis, and 50% to counties, also based on population. He said he realized Senator Watt's bill did the same and would not have introduced his bill had he known the content of that bill. Mr. Reisick also spoke as a supporter of this bill and introduced written testimony, see Exh. #5, attached. Beverly Gibson spoke as a proponent as well and said state health standards will soon be imposed to force counties and cities to pave more rural roads and thus, additional funds are going to be needed.

There were no other proponents of the bill to give testimony. Mr. Tobiason spoke as an opponent of the bill and said as his earlier testimony mentioned, he felt such tax should be at the option of the voters. Mr. Paulsen and Mr. Manion both opposed the bill and said there is no question that improved streets and roads are needed, but favor Senator Regan's bill. They are also agreed that a primary concern would be to see the completion of the highway program in the state. Mr. Beck reminded the committee again, that the bill does not address the diesel fuel and he felt this should be considered. Mr. Nelson said he felt this was the same as a property tax and was increasing specific sales taxes in the state. Mr. Thelan spoke for Mr. Mizner who said the League of Cities and Towns opposes the bill and agreed that Senator Regan's bill gives them the opportunity to solve their own problems. He pointed out that at least five counties do not impose any road tax so the needs of all counties are not the same. He also did not like the division of the revenues, favoring a 4/7 and 3/7 division.

During the discussion that followed the question was raised about amount of revenues that would be realized if the diesel fuel was also to be taxed. The point was also raised that additional 'red tape' in the form of tax refund applications would be needed, thus entailing more complications for the non-road users. Mr. Tobiason stated there was a variance of 6¢ on a gallon of gas within the city of Helena and within the state there is as much as 16¢ so the problem of people driving to other localities to buy gas should not be a newly-created one.

Following this discussion the meeting was adjourned with plans to reconvene on adjournment, this day.

  
JEAN A. TURNAGE - CHAIRMAN

Date FEB. 14, 1979

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

---

NAME	PRESENT	ABSENT	EXCUSED
SEN. GOODOVER (Vice Chairman)	✓		
SEN. BROWN	✓		
SEN. HAGER	✓		
SEN. MANLEY	✓		
SEN. MANNING	✓		
SEN. McCOLLUM	✓		
SEN. NORMAN	✓		
SEN. ROSKIE	✓		
SEN. SEVERSON	✓		
SEN. TOWE	✓		
SEN. WATT	✓		
CHAIRMAN TURNAGE	✓		

Each Day Attach to Minutes.

S.D.  
309  
358  
384 & 402

DATE 2-14-79

COMMITTEE ON TAXATION

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check On	
			Support	Opp
Walt Reisig	City of BILLINGS.	402	✓	
WALT REISIG	CITY OF BILLINGS	358	✓	
Norm Tenger	Mont Stockgrowers Assn	358	✓	
Harry Tobiasson	Mont. Auto Assoc	358	✓	
Howard O. Yost	Dept. of Revenue	384	amend	
Mary L Craig	Dept of Revenue	384	amend	
Paul Huff	-	-	-	
Clayton	Underwr Zentkubler & Co	384	✓	
Jim Mackler	Montana Coal Council	384	amend	
Marianne & Rich	I.O.M.A.	402 358	amend	
Art Kusman	Myself - Property Tax	309		
Jim Monroy	Montana Auto Assn	402 358	✓	
Harold Paulsen	Highway Users	402 358	✓	
Arnold Bauer	Billings Chamber of Com.	358	✓	
Norm Mackler	Dept of Revenue			
Ed Nelson	Mont Taxpayers Assn	358 402		
Math E. Blankarn	St. Paul's United Methodist	309		
Walter J. Johnson	Myself	309		
Frank Meier	West...	309	X	
Sam Phillips	St. Paul's...	309		
Walter...	St. Paul's...	309		
Jan Brown	Mt Assn of Churches	309		X
Alice Taylor	Mt. Cattlemen's Assn	358	✓	
Al Hillier	City of Helena	358	✓	
Beverly Gibson	Mont. Assn. of Counties	358	✓	
" "	" "	402	✓	

THE DIOCESE OF MONTANA

1303 Horsky Block  
1st. chance gulch  
Helena, Montana

59601

RIGHT REVEREND JACKSON E. GILLIAM, S.T.M., D.D.  
BISHOP

(Enclosure)

*6-11-41*

Senator Jean Turnage  
Montana State Senate  
Helena, Montana 59601

Dear Senator Turnage:

Senate Bill 309 has recently come to my attention. It has been pointed out to me that this bill has been referred to your taxation committee.

I would appreciate it very much if you would register my opposition to this bill with your committee.

I do not believe that our present law should be "liberalized" to provide greater incentive to those who seek financial gain through gambling or to those establishments who rely upon this type of activity for profit.

Sincerely yours,

*Jackson E. Gilliam*

The Rt. Rev. Jackson E. Gilliam S.T.M. D.D.  
Bishop of Montana



## CITY OF BILLINGS

220 NORTH 27TH STREET  
P. O. BOX 1178  
BILLINGS, MONTANA 59103  
PHONE (406) 248-7511

*E. H. #2*

The City of Billings would like to go on record as being in support of SB 358.

The City of Billings, like most cities and towns in Montana, is faced with streets that are in dire need of reconstruction but with insufficient funds to take care of the problem. And because of the limitations placed on the sources of revenue available for local governments there appears to be little hope of raising the needed revenue for street reconstruction without the help of the State Legislature.

Currently there are over 300 miles of streets in Billings, many of them in need of repair or reconstruction. The cost of reconstructing a city street costs at least \$500,000 a mile and can cost as much as \$1,500,000 a mile. Presently the City of Billings has about \$900,000 available annually for the reconstruction of streets. Because of the cost and the present availability of funds, it will take the City 20 years to reconstruct just those streets that need it at the present time.

The City of Billings feels the most fair method of raising additional money for street repair is through a gas tax, since this type of tax is a user tax meaning the people driving on the streets are helping to pay for them. The City of Billings also supports the local option method of raising this tax since this would allow the local people to decide if their problem is sufficient enough to warrant an additional tax and if so, to what extent.

The Yellowstone County Commissioners have stated in a letter to the Yellowstone County legislative delegation that they support this bill if the county can retain 5% of the funds generated to pay for administration of the tax. The City feels this is a fair amount and would support an amendment to this end.

In conclusion, the City urges this committee to help us solve our street problems by passing SB 358.

# County of Yellowstone



COMMISSIONERS

BILLINGS, MONTANA

59101

February 9, 1979

*quid #3*

To: All Yellowstone County Senators and Legislators

Re: SB 358

Gentle (wo)men:

We, the governing body of Yellowstone County, support the above-cited legislation subject to a change in subsection 2 to read substantially as follows:

"Prior to distribution of funds under subsection 1, counties are authorized to withhold 5% of the funds collected for administration of the Act and collection of the tax."

Very truly yours,

BOARD OF COUNTY COMMISSIONERS  
YELLOWSTONE COUNTY, MONTANA

*M. E. McClintock*  
M. E. McClintock, Chairman

*James A. Straw*  
James A. Straw, Member

MEM:bjs

cc: City of Billings



Exh. #1

PROPOSED AMENDMENT TO SENATE BILL NO. 384:

SB 384, introduced bill be amended as follows:

1. On page 1, line 13, after the word taxpayers -- insert the words "adjusted gross income". -
2. On page 1, line 24, before the word "The" insert the words "adjusted gross income includes the entire amount of adjusted gross income from sources within this state but shall not include income from annuities, interest on bank deposits, interest on bonds, notes, or other interest-bearing obligations, or dividends on stock of corporations except to the extent to which the same shall be a part of income from any business, trade, profession, or occupation carried on in this state. Adjusted gross income from sources within and without this state shall be allocated and apportioned under rules prescribed by the department."



Ed #5

## CITY OF BILLINGS

220 NORTH 27TH STREET  
P. O. BOX 1178  
BILLINGS, MONTANA 59103  
PHONE (406) 248-7511

The City of Billings would like to go on record in support of SB 402.

The City of Billings has in the past during this legislative session and, I'm sure, again in the future go on record in support of bills that would increase the gas tax to help fund the needed reconstruction of city streets.

The City of Billings has and will continue to support such legislation because we feel a tax on gasoline is the fairest method to raise revenue to resolve the street problems which face not only Billings but every city, town, and county in the state.

Presently the City of Billings has about \$900,000 annually which can be put out for street repair and reconstruction. But with over 300 miles of streets in the city, many of them in need of repair, and the cost of reconstruction continually increasing it would take over 20 years for the City to repair just those streets that need it at the present time.

The City of Billings is currently levying 69.3 mills in property taxation, very near the limit set by the City Charter. Without an increase in gas tax the City will either have to ignore the problem of the streets or place a higher tax burden on property owners regardless of whether they drive on the streets or not. But even an increased mill levy will not raise the necessary revenue.

This is why the City feels that a gas tax is the fairest and best method to fund street reconstruction.