

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE  
March 3, 1983

The meeting was called to order at 8:00 a.m. by acting Chairman Williams. Roll call was taken and all committee members were present except Representatives Neuman and Yardley, who were excused. Representative Yardley came into the meeting later.

Testimony was heard on HB 511, HB 858, SB 73 and SB 110 during the meeting.

SENATE BILL 73

SENATOR BOB BROWN, District 10, sponsor of the bill, said SB 73 was introduced at the request of the Department of Revenue. Senate Bill 73 is an act clarifying the income tax withholding on status of wages paid to members of the reserve armed forces. He said the taxing of income of full time employees of the reserve armed forces is allowed but the withholding on that income is not allowed. This bill makes it possible for the state of Montana to withhold taxes on that income.

Proponents

KEN MORRISON, representing the Department of Revenue, said they support the bill. Senate Bill 73 does not affect part-time employees.

There were no opponents testifying on SB 73.

SENATOR BROWN closed his presentation on SB 73.

There were no questions from the committee.

The hearing was closed on SB 73.

SENATE BILL 110

SENATOR TOM TOWE, District 34, sponsor of the bill, said SB 110 was requested by the Department of Revenue and the Oversight Revenue Committee (ROC). The bill addresses the problem that the department has had in the collection of interest on monies they are claiming as a result of audits on general mines proceeds tax, oil and gas proceeds tax, coal gross proceeds tax, and metal mines gross proceeds tax. Those areas are not specifically covered in the law at this time. Some county assessors have hesitated to apply the general interest statute so different counties are treating the collection of those taxes differently. The only way to clear this up is to pass this bill. Senate

Bill 110 would authorize the collection of taxes that are due.

Proponents

JERRY FOSTER, representing the Department of Revenue, said SB 110 clears up some inconsistencies in the application of interest and will bring the interest in line with other collections.

There were no opponents testifying on SB 110.

SENATOR TOWE, in closing, said he would leave a group of letters written to county treasurers and the replies from those county treasurers. (See EXHIBIT 1.)

Questions from the committee were heard at this time.

REPRESENTATIVE REAM asked why the first two sections of the bill were stricken. Senator Towe said those sections went into the section that provides for the assessment of taxes due as a result of an audit. The sections would provide that the existing penalty contained in Section 15-16-102 would not apply and that penalty would be covered in the general section. Some assessors felt that would reduce the ability to levy a penalty on other taxes so that is why the first two sections were left out.

The hearing was closed on SB 110.

HOUSE BILL 858

REPRESENTATIVE BILL HAND, District 82, chief sponsor of HB 858, said the bill corrects two legislative oversights. House Bill 858 is an act increasing the discount allowed for affixing tax insignia to cigarette packages; correcting a prior legislative oversight. Representative Hand said the main thrust of this bill would authorize the state to allow more substantial defrayment to the few licensed wholesalers on whom we depend for prepaying the state cigarette tax and their costs of enforcing this tax law. House Bill 858 would increase the state's allowance to 7% of 12 cents a pack tax, from 3%. At the present state tax of 12 cents a pack of cigarettes, the wholesaler receives 3% or 36-hundredths of one cent. If HB 511 is enacted and the tax is increased to 15 cents a pack, only a fraction more (.0009, or 45-hundredths of a cent, or 4 and one-half mill) would be available to the wholesalers. Over the years the legislature has increased the state cigarette tax to 5 cents a pack, to 8 cents a pack and to 12 cents. In the 1950's and 1960's, the state's allowance to defray expenses tended to be in an area which might be regarded as fair treatment. However, since the 12-cent tax level was reached in the early 1970's, the rate of inflation on the expense items of prepaying and enforcing this tax has risen sharply. The dollar costs to the cigarette wholesaler have more

than doubled. The state's percentage allowance has remained the same. The same 3% allowance applied to a proposed 15 cents a pack tax would not substantially offset wholesaler's administration losses.

The state requires that only this one segment of industry prepay the very substantial product tax before the product can be offered for sale or before the wholesaler is paid anything for the product. These wholesalers must tie up capital in such tax sometimes for weeks until they get such advanced tax money back into the business. The cost of such money is above and beyond any costs required by government for any other business. Therefore, the money costs and expense of imprinting the state tax insignia, and special security requirements required by the state, all are unique burdens above and beyond the normal costs of doing business by other business enterprises.

The smaller the cigarette wholesale distributor the proportionately greater is his unit costs for complying with state tax laws. A prime example is the machinery cost, now \$19,000 new, and this is the same price for the small wholesale distributor as for the largest distributor. This legislature should acknowledge the state's special burden imposed on these wholesalers, related to the cost of doing business which has doubled and more, since the 3% was first allowed.

The committee may wish to consider the cost differential imposed on the distributor with less volume, versus the lesser unit cost for the warehouse with greatest volume. This has been recognized by several states with a graduated scale of percentage allowances.

If 7% is not acceptable, we hope that you will increase the 3% to some fairer percentage. If the flat percentage is not preferred, I hope you will adopt a graduated scale which will provide some more fair defrayment to the lower volume distributor.

House Bill 858 has a housekeeping correction, arising from an oversight of the 1981 legislature in not making the second reference to the allowance the same figure. (See page 2, line 13 of the bill.) (See EXHIBIT 2.)

#### Proponents

DAN CARPITA, a licensed wholesale cigarette distributor, read a prepared statement to the committee in support of HB 858. He said if HB 511 is enacted, it will worsen the situation. We will have to advance even greater capital for tax prepayment at today's capital costs, which are far more than the addition of 3% of 3 cents more cigarette tax. When we were first allotted 3%, banks were charging 5% to 6% on a commercial loan. This compares with 15% or 16% today on an unsecured note if one has

to borrow to prepay the state tax. If one has such cash, then he is losing 8, 9 to 10% interest if such capital could be spared for investment return. Other western states treat their wholesale cigarette distributors better than Montana does -- Idaho, North Dakota, South Dakota, Utah, Colorado, New Mexico and Arizona. Other states' allowances range from Alabama with 12 1/2 cents a carton, Nebraska with 9 cents a carton, Oklahoma with 7 cents and 2 mills a carton. Meanwhile, the state of Montana allows 3 cents and 6 mills a carton. If HB 511 is enacted as is, the Montana allowance would be 4 1/2 cents a carton. He urged the committee to vote a do pass on HB 858. (See EXHIBIT 3 and EXHIBIT 4.)

MIKE PARKER, representing Pennington's Inc., said he concurs with previous testimony given in support of HB 858. He urged a favorable recommendation on HB 858.

There were no opponents testifying on HB 858.

REPRESENTATIVE HAND closed his presentation on HB 858.

REPRESENTATIVE UNDERDAL asked if a graduated scale would cause more bookkeeping for the wholesalers. Mr. Carpita said no.

REPRESENTATIVE UNDERDAL asked what is considered a large, medium, and small wholesaler. Mr. Carpita said a large wholesaler is a store like Safeway, a medium wholesaler is one who covers a town the size of Billings, and a small wholesaler is one who covers a town the size of Dillon.

The hearing on HB 858 was closed.

#### HOUSE BILL 511

REPRESENTATIVE FRANCIS BARDANOUVE, District 6, chief sponsor of the bill, said HB 511 would raise the cigarette tax by 3 cents a package and would raise the liquor tax by 2.65%. The increase in the taxes will raise \$4 million per year and will finance the long-range program building bonds. Those projects cover quite a few areas of government. Representative Bardanouve went over the priority list of projects that will be funded with funds from the long-range building program. (See EXHIBIT 4.) He said the Long-Range Building Committee may change the priorities slightly, but basically the list presented will be how the money will be spent.

REPRESENTATIVE BARDANOUVE said HB 511 will provide employment and will help combat the ravishes of recession.

REPRESENTATIVE BARDANOUVE referred to page 1, lines 24 and 25, of HB 511, and said present revenue generated from tobacco and

alcohol taxes represents the 86% to the general fund. The money generated from the increase proposed in HB 511 represents the 14% allocated to the long-range building program.

Proponents

DAVE LEWIS, Director of the Office of Budget and Program Planning, said 11% of the present income tax, 11% of the present corporation income tax and a percentage of the cigarette tax goes into the "sinking fund". That money pays the long-range building bonds. Any leftover money goes to the general fund. The intent of HB 511 is to increase the flow into the general fund. This bill does not determine where the money goes. If you approve the long-range building bonds, that money will go to retiring those bonds. There is a proposal to increase the tax on cigarettes from 3% to 3 1/4% which would raise an additional \$200,000 per year which will retire an additional bond issue of about \$1.5 million. He passed out copies of proposed amendments to HB 511. (See EXHIBIT 6.)

REPRESENTATIVE TOM ASAY, District 50, said the increase in the cigarette tax was proposed to fund improvements and maintenance for Montana airports. The increase would mean an availability of about \$14 million to Montana over the next biennium. The increase in the tax would be used as matching money for federal dollars available to Montana. The money would be given out on a loan basis and would have to be paid back by the borrowers.

JO BRUNNER, representing Women Involved in Farm Economics (WIFE), read a prepared statement in support of HB 511. She said WIFE wishes to support the long-range building program, specifically the expansion of the greenhouse at Montana State University. (See EXHIBIT 7.) She also read a letter from Jack and Pat Inman in support of HB 511. (See EXHIBIT 8.)

SENATOR PAT GOODOVER, District 22, said he supports HB 511 and the offered amendments. The 1/4 cent tax would provide jobs for 1984 and 1985. He said the money from the federal government is available on a "use it or lose it" basis. He said the major airports in Montana are using about \$3 million of the \$5 million available. There is still \$2 million available but the smaller communities do not have the matching funds. The FAA would administer this money. He asked for a favorable recommendation on HB 511 from this committee.

REPRESENTATIVE ASAY said Bob Hollister, President of the Montana Pilots Association, called and asked that he be shown in the record of this meeting as being in strong support of HB 511.

REPRESENTATIVE YARDLEY was present at the meeting at this time.

LEE PURDY, representing the Associated Students of Montana State University, said the students of MSU support HB 511 as it stands, in order to finance long-range building bonds. These bonds will finance long-range capital construction that is funded with bonded debt. Specifically, these funds will go to expand the old MSU greenhouse into the sorely needed controlled environment facility. Inadequate space and deteriorating buildings have propelled the greenhouse to top priority for MSU. (See EXHIBIT 9.)

CHAS HIBBARD, representing the Knapweed Action Committee, said he supports the testimony given by Jo Brunner. They are concerned with the impact of knapweed. Nearly 2 million acres are infested by knapweed. It has the potential to grow on 75% of Montana's grangeland. It is a significant weed and a problem to Montana's agriculture future. By expanding the greenhouse facility at MSU, they feel they could get a handle on the weed and how to control it.

ROBERT VAN DER VERE, representing the state senior citizens and concerned citizens, said he doesn't like extra taxes on cigarettes but when he sees a good program come along, he has to go with it. If any project is taken out of the long-range building program, do not take the greenhouse project out.

J. D. HOLMES, representing the Montana Arts Advocacy, said he supports HB 511. He said he has watched the cigarette tax be a perennial revenue raiser without any problems. Cigarette taxes are nearly ideal for a revenue raiser. Alcohol taxes remain a close second, next to cigarette taxes, as a revenue raiser. He supports the bill because it is the only means, of this session, to support the long-range building projects.

JOE ATTWOOD, Director of the Great Falls International Airport, said the 1/4 cent will provide for the retirement of bonds - the proceeds of which will provide the \$1.5 million necessary to acquire on a 90/10 match the \$14.5 million available to Montana through the Federal Airport Improvement Program. The capture of these federal "use them or lose them" funds is very important to the state of Montana. Montana's seventy eligible airports need these improvements and are not fiscally able to acquire them now. He read a prepared statement to the committee. (See EXHIBIT 10.)

MIKE FERGUSON, Administrator of the Aeronautics Division, said he wants to go on record in support of HB 511 and the proposed amendments. He also said Hugh Kelleher, Helena airport manager, and Mr. Buchanan, representing the Chamber of Commerce, asked that they be shown in the records as being in support of HB 511.

REPRESENTATIVE CAL WINSLOW, District 65, passed out copies of EXHIBIT 11 which would amend HB 511 so that 80% of the dollars raise by the increase in the taxes would be spent on human

services instead of on the building bonds. He said he is not making a judgement on any of the building projects but since he has been on the Human Services Subcommittee, he has become concerned with providing for the basic human service needs that we have in Montana. He said the AFDC costs will be \$6.1 million more in 1984 than originally thought, Medicare will cost \$5 million more in 1984 and \$6 million more in 1985 than originally thought and he would like to help provide funding to help cover those costs.

REPRESENTATIVE WINSLOW said the offered amendment is not a political move although it has been labeled that. He said he is disturbed with the fact that Montana may have to cut back on optional services. He said we should take care of the needs of the people of Montana first and if anything is leftover, then we will take care of the building program. He said he doesn't mean to say the buildings are not needed, they probably are. He asked the committee to give close consideration of the offered amendments.

JULIE FASBENDER, representing the Associated Students of the University of Montana, said they support HB 511. They are concerned with the purchase of the river front land. They want that land to remain in the undeveloped state.

#### Opponents

REPRESENTATIVE BOB PAVLOVICH, District 86, representing the Silver Bow Tavern Association, said he opposes the liquor tax increase. Representative Pavlovich said HB 511 will make bootleggers out of the tavern owners. They will have to go out-of-state to purchase liquor.

REPRESENTATIVE PAVLOVICH said the cigarette tax was originally imposed to benefit the World War II and Korean veterans. He said if we have to have the cigarette excise tax, the money should go to the veterans, as was originally intended, and not to the long-range building program.

PHIL STROPE, an attorney for the Montana Tavern Association, said, in Montana, the tavern industry buys 55-60% of all liquor consumed. Nationally, one-third of the liquor consumed is purchased by tavern owners. Twenty to thirty percent of the volume of liquor in Montana is purchased from out-of-state and some other area then gets the profit and tax from those purchases. Montanan's are buying out-of-state because those prices are more attractive than the Montana prices.

MR. STROPE said the "holding tank" (sinking fund) is a preliminary hold on money. Some of that money is used for bond retirement. There is a surplus of \$25-\$28 million in that holding tank. He said the objective of HB 511 is to increase the flow of money to the general fund. If the objective is to keep the rate of excess funds going into the holding tank at the same level as

the amount of excess that goes into the general fund, we will have to sell less bonds at a lower rate of interest or we will have to increase tax, if you can get it. Mr. Strope said he has serious doubts that we will be able to get the increased tax. In this state, at the level we tax liquor, it would be counterproductive to increase the tax. Instead, it would be productive for the state of Montana to decrease the tax on liquor. If you want to recapture the 20-30% of the market going out-of-state, you should lower the tax and increase the number of Montanans who would buy liquor in Montana.

DENNIS BURR, representing the Montana Tavern Association, said the remarks he will make are also shared by the Montana Taxpayers Association. Mr. Burr said the "little" increase of 2.65% on the liquor excise tax is actually a 16.5% increase on the liquor excise tax. Any money not needed from those sources for bonding purposes reverts to the general fund. The purpose of HB 511 is not to fund the bonding program but to fund the general fund. If HB 511 does not pass, money already in the bond program would be used for the bonding program. The bonding program needs a stable source of revenue. The source of revenue being looked at in HB 511 is not that stable. All increases are based on the erroneous projection that price has no affect on the quantity sold. Mr. Burr said price does have an affect on the quantity sold. The fiscal note on HB 511 takes into account, no change of the quantity of liquor sold. Even if you want to increase the tax to support the state general fund to the tune of \$80 million per year, you probably will not get that kind of money from this source. He said the fiscal note is in error in assuming the quantity purchased will remain the same, regardless of price.

MR. BURR said there is probably, under current conditions, revenue available from the liquor industry that hasn't been properly accounted for, as yet, in the state budget. He said if you compare the long-range bond excess that goes back to the general fund as predicted by the Legislative Fiscal Analyst and by the Office of Budget and Program Planning, there is a \$1.4 million difference between the two predictions.

MAURIE DRUAL, northwest regional director for the Distilled Spirits Council of the United States, concurred with previous statements made by the opponents to HB 511. He said Montana has one of the highest markups in the United States. He said Montana is in an economic slump. Case sales, in 1982, were down 7% and Montana is close to that. The fiscal note on HB 511 shows an increase in case sales. He said he doesn't think that will happen.

MR. DRUAL said Oregon parallel to what Montana does. In 1981, Oregon raised the liquor tax by 5%. By the end of 1982, the case sales fell off by 1,279,000 cases. When Oregon raised the tax, they thought they would get an additional \$5 million in

revenue. They did not even come close to that. Mr. Drual said he thinks the fiscal note on HB 511 is erroneous. Mr. Drual passed out visual aids. (See EXHIBIT 12.)

ERNIE GRASSESCHEI, representing the Montana Tavern Association, concurred with previous testimony in opposition to HB 511.

REPRESENTATIVE PAUL PISTORIA, District 39, said with the economy the way it is, no one will support an increase in taxes. The tavern association employs over 14,000 people in Montana. Why would we want to increase taxes on them? Representative Pistoria said we should put the wine business back to the state and we would get \$4 to \$5 million more in revenue without taxing the people.

JEROME ANDERSON, registered lobbyist for the Tobacco Institute, passed out copies of EXHIBIT 13, which shows reasons for opposing an increase in the Montana cigarette tax rate.

TOM MADDOX, representing the Montana Association of Tobacco and Candy Distributors, passed out copies of his testimony on HB 511. (See EXHIBIT 14.) Because of the lengthy testimony already given, he said he concurred with the testimony given by Mr. Burr.

MIKE PARKER, Secretary-Treasurer of Pennington's Inc., asked for a do not pass on HB 511. He objects to being singled out as a bearer of the sin tax. On the heels of the federal increase on cigarettes, the state tax increase will chase Montana consumers away. There is a great quantity of cigarettes sold on Indian reservations.

DAN CARPITA, a licensed wholesaler of cigarettes, concurred with testimony given by Mike Parker.

JEROME ANDERSON said he agrees with previous comments and opposes HB 511 because HB 511 is a regressive and selective sales tax. The tax is presently discriminatory and any increase is discriminatory. Thirty-five percent of the people in Montana will bear the cost of the long-range building program. The tax is self-defeating. If you increase the price of the product, the sale of that product drops off. House Bill 511 is inconsistent with other legislation passed by the House. (He referred to HB 445 which would restrict the use of tobacco in Montana.) If you want to have a tax that amounts to a sales tax, be fair and have a statewide general sales tax - distribute the burden of building across Montana to the people who use the buildings.

MARV VIRTS said he wants to go on record in opposition to HB 511. He said we should cut down on the building programs until the economy of Montana gets back into shape. If you need additional money, do not go after one-third of the people - go to a general mill levy rate.

SAM RYAN said he would like to go on record in opposition to HB 511.

REPRESENTATIVE BARDANOUVE, in closing, said he doesn't believe there is a surplus in the general fund. He said Montana has needs; Montana has buildings to build. He will leave it up to this committee's judgement as to whether those needs should be met.

Questions from the committee were heard at this time.

REPRESENTATIVE VINGER asked Mr. Lewis if he agreed with Mr. Strope that there is a lot of money overflowing from the sinking fund into the general fund. Mr. Lewis said yes, that is the reason for this bill - to hold that overflow.

REPRESENTATIVE VINGER asked where the money would come from to furnish the new buildings being proposed. Mr. Lewis said that amount is included in the estimated cost of each building.

REPRESENTATIVE SWITZER asked which of the buildings has the highest priority. Representative Bardanouve said the projects are on a prioritized list which is contained in EXHIBIT 5.

REPRESENTATIVE SWITZER asked Representative Bardanouve what his reaction is to the amendments offered by Representative Winslow. Representative Bardanouve said he knows the amendments were offered with sincerity and concern. He can't support the amendments, however, because that was not the intent of the bill to fund human services.

REPRESENTATIVE DOZIER asked the sponsor of the bill if he really thought the cigarette tax and liquor tax were reliable sources of income. Representative Bardanouve said they are not perfect sources of income but, historically, the taxes are reliable.

REPRESENTATIVE DEVLIN asked for an estimate on how many cartons of cigarettes are sold on the Indian reservations. Mr. Anderson said he does not have a count on the number of cartons but does know Montana loses about \$1 million per year to cigarette sales on reservations.

REPRESENTATIVE HARP, referring to the building proposed for the Department of Natural Resources, asked if the Appropriations Committee makes sure all office space and buildings we presently have are being occupied. Could we move the Department of Natural Resources into another building that is not completely used. Representative Bardanouve said the Appropriations Committee is looking at those possibilities. With the case of the Department of Natural Resources, they are in the worst building in Helena and if the money is there, we want to get them out of that building.

REPRESENTATIVE ZABROCKI asked what effect the reservations have on the liquor tax. Mr. Strope said other states could sell the

liquor to the Indian reservation and they could, in turn, sell it for less but there is nothing the state of Montana can do about it.

REPRESENTATIVE NORDTVEDT said, in light of the fact that there is no growth in the number of state employees, couldn't we do without a new Department of Natural Resources building and put those employees somewhere else. Representative Bardanouve said those employees are not now in one location and we have tried to get them all in one location.

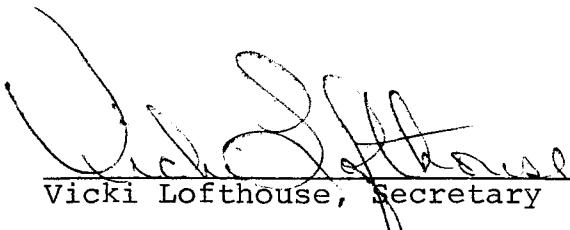
REPRESENTATIVE YARDLEY asked how many of the first 49 priorities on the list of long-range building projects are new construction. Representative Bardanouve said very few were new construction.

Representative Yardley asked about the two new cottages to be built at Pine Hills. He asked if they would be built to cover the move of Mountain View to Pine Hills. Representative Bardanouve said that move will have a lot to do with the building. If the approval for the building of the cottages is there, the move may be made.

The hearing on HB 511 was closed.

The meeting was adjourned at 10:45 a.m.

  
\_\_\_\_\_  
MEL WILLIAMS, Acting Chairman

  
\_\_\_\_\_  
Vicki Lofthouse, Secretary

# DEPARTMENT OF REVENUE

Exhibit 1  
3-3-83



TED SCHWINDEN, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

HELENA, MONTANA 59620

January 21, 1983

## MEMORANDUM

TO: Senator Pat Goodover  
Senate Taxation Committee

FROM: *Jerry Foster, Administrator*  
Natural Resource & Corporation Tax Division

SUBJECT: Additional information regarding SB 110

During the Committee hearing on SB 110 Senator Turnage requested that this Department provide additional information as to which counties assessed interest on assessments of additional proceeds taxes under the present statutes. Please find information attached.

As you can see from reviewing this data, there are only a few instances where interest is assessed. The penalty that is assessed is the result of late filed returns and is pursuant to Section 15-23-104, Montana Code Annotated, not a result of a treasurer properly administering 15-16-102, Montana Code Annotated.

An additional point that was not brought out clearly at the hearing is that these taxes are essentially "self-assessing". The value the tax is computed upon is based upon a return that is prepared and submitted by the taxpayer.

Attachment

DEPARTMENT OF REVENUE



TELETYPE DIVISION GOVERNOR'S OFFICE

MICHAEL RUMBLE

STATE OF MONTANA

RECEIVED

January 21, 1982

JAN 28 1982

DEPARTMENT OF REVENUE  
PROPERTY ASSESSMENT DIVISION

Mr. George S. Askin  
Carter County Assessor  
Carter County Courthouse  
Ekalaka, MT 59324

Dear George:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1977, 1978 and 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
.15f49	\$1365.07	none	none
.18907	\$1659.09	"	" "
.18334	\$1925.08	"	"
	<hr/> \$4949.24		

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Yours truly,

Don Hoffman, Chief  
Inter-County property Bureau  
Property Assessment Division

Enclosure  
DH:kcj

RECEIVED

JAN 10 1983

December 29, 1982

STATE DEPARTMENT  
OF REVENUE

Patricia Terland  
Stillwater County Assessor  
Columbus, MT 59019

Dear Patricia:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1977, 1978 & 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the Mill levy used, the additional tax computed, and the interest and penalty assessed:

	<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
78 32-0 30-12	167.24 146.95	\$ 15,002.68		
79 32-0 30-12	181.83 161.15	\$ 10,996.49		
80 32-0 30-12	203.34 166.20	\$ 15,555.83		

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

Don Hoff

Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

Our Treasurer will not add penalty & interest  
1/1/1983

## DEPARTMENT OF REVENUE

RECEIVED

Nov 12 '82



STATE OF MONTANA

RECEIVED

November 8, 1982

NOV 9 19

Walter Gruefe  
 Roosevelt County Assessor  
 Wolf Point, Montana 59201

A. ROOSEVELT CO.

Dear Walter

Certification notices have been sent to your county for the late filed Net proceeds return(s) for production year(s) 1980 & 1981.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
1981 - 148.42	48,230.27		
1982 - 133.61	425,300.27		

If you have any questions concerning this filing or the above requested information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

A handwritten signature in black ink, appearing to read "Don Hoffman".

Don R. Hoffman, chief  
 Natural Resource Bureau  
 Natural Resource & Corporation Tax Division

DH/tr

Attachment

The penalty & interest will  
 be assessed unless they  
 are paid by 11-30-82.

Enclosed is off  
 Payment to  
 by [initials]

November 4, 1982

Mari Youngkin  
McCone County Assessor  
Circle, Montana 59215

Dear Mari:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1977, 1978, & 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the Mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
1978 173.20	\$ 2,164.12	\$ 811.10	\$ 43.28
1979 191.76	\$ 2,337.56	\$ 643.31	\$ 46.76
1980 215.57	\$ 2,580.60	\$ 452.14	\$ 51.62

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

  
Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

To: *Tommy*  
11/09/82

## DEPARTMENT OF REVENUE



TED SCHWINDEN GOVERNOR

MITCHELL L. BING

## STATE OF MONTANA

HELENA MONTANA 59620

November 4, 1982

Elna Linville  
 Powder River County Assessor  
 Broadus, Montana 59317

Dear Elna:

Please find enclosed certification notices for the recently completed audit of  
 Net Proceed returns for production years 1977,  
 1978 & 1979.

Please complete the following schedule on the attached copy and keep this  
 original for your records. Please provide the Mill levy used, the addi-  
 tional tax computed, and the interest and penalty assessed:

MILL LEVY	ADDITIONAL TAX	INTEREST	PENALTY
1978- 78.4494-.20	# 3116.15	1195.43	62.32
1979- 100.875	# 2556.37	724.87	51.12
1980- 98.1504-.22	# 395.34	72.59	7.90

If you have any questions concerning the audit or the above requested  
 information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

The handwritten signature of Don R. Hoffman, which appears to be "Don Hoffman".

Don R. Hoffman, Chief  
 Natural Resource Bureau  
 Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

# DEPARTMENT OF REVENUE



TED SCHWINDEN, GOVERNOR

MITCHILL BUILDING

## STATE OF MONTANA

HELENA, MONTANA 59620

November 4, 1982

Bernt Ward  
Sheridan County Assessor  
Plentywood, Montana 59254

Dear Bernt:

Please find enclosed certification notices for the recently completed audit  
of Net Proceed returns for production years 1977,  
1978 & 1979.

Please complete the following schedule on the attached copy and keep this  
original for your records. Please provide the Mill levy used, the addi-  
tional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
107.69	15,049.	785.50	1502.10

If you have any questions concerning the audit or the above requested  
information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

A handwritten signature in black ink, appearing to read "Don Hoffman".  
Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

# DEPARTMENT OF REVENUE



TED SCHWINDEN GOVERNOR

MICHAEL BURKE

## STATE OF MONTANA

HELENA MONTANA 59620

October 28, 1982

Doris Olson  
Richland County Assessor  
Sidney, Montana 59270

Dear Doris:

Please find enclosed certification notices for the recently completed audit of  
Net Proceed returns for production years 1979.

Please complete the following schedule on the attached copy and keep this  
original for your records. Please provide the Mill levy used, the addi-  
tional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
.09742	1,007.23	184.58	20.14

If you have any questions concerning the audit or the above requested  
information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

A handwritten signature in black ink, appearing to read "Don Hoffman".

Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

Copy to [unclear]  
11/5/82

# DEPARTMENT OF REVENUE



ELDRED WENDELL GOVERNOR

STATE CAPITOL BUILDING

## STATE OF MONTANA

HELENA, MONTANA 59620

October 28, 1982

Curtis Huether  
Fallon County Assessor  
Baker, Montana 59313

Dear Curtis:

Please find enclosed certification notices for the recently completed audit of \_\_\_\_\_ Net Proceed returns for production years 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the Mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
99,800	14933.13	NINE	NONE

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

*Copy to Auditor  
11/8/82*

RECEIVE  
DEC 16 '82  
STATE DEPARTMENT  
OF REVENUE

October 28, 1982

Helen Waters  
Phillips County Assessor  
Malta, Montana 59538

Dear Helen:

Please find enclosed certification notices for the recently completed audit  
of Net Proceed returns for production years 1979.

Please complete the following schedule on the attached copy and keep this  
original for your records. Please provide the Mill levy used, the addi-  
tional tax computed, and the interest and penalty assessed:

MILL LEVY	ADDITIONAL TAX	INTEREST	PENALTY
154.40	\$ 744.52	1st half paid 11-30-82	Treas. did not charge penalty
144.03	\$ 442.02	1st half paid 11-30-82	interest.

If you have any questions concerning the audit or the above requested  
information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE



Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

# DEPARTMENT OF REVENUE



TED SCHWINDEL, GOVERNOR

MITCHILL BUILDING

## STATE OF MONTANA

**RECEIVED**

HELENA, MONTANA 59620

~~NOV - 3 1982~~

October 19, 1982

MONT. DEPT. OF NATURAL  
RESOURCES & CONSERVATION

Doris Olson  
Richland County Assessor  
Sidney, MT 59270

Dear Doris:

Please find enclosed certification notices for the recently completed audit  
of Net Proceed returns for production years 1977 & 1978.

Please complete the following schedule on the attached copy and keep this  
original for your records. Please provide the Mill levy used, the addi-  
tional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
120.49	501.36	179.74	10.02
103.23	388.56	100.44	7.78

If you have any questions concerning the audit or the above requested  
information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

Don Hoffman

Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

*Copy to Credit  
11/18/82*

# DEPARTMENT OF REVENUE



TED SCHWINDEN, GOVERNOR

MITCHELL BUILDING

## STATE OF MONTANA

HELENA, MONTANA 59620

October 19, 1982

Bernt Ward  
Sheridan County Assessor  
Plentywood, MT 59254

Dear Bernt:

Please find enclosed certification notices for the recently completed audit  
of Net Proceed returns for production years 1977, 1978 &  
1979.

Please complete the following schedule on the attached copy and keep this  
original for your records. Please provide the Mill levy used, the addi-  
tional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
1980 - 162.01	27,248.10		
1980 - 143.98	4,215.94		
1979 - 121.31	← 10,236.30		
1978 - 111.82	← 7,000.65		13479.96

If you have any questions concerning the audit or the above requested  
information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

Copy 11/8/82

RECEIVED

October 19, 1982

OCT 25 1982

DEPARTMENT OF REVENUE  
PROPERTY ASSESSMENT DIVISION

Mary Guse  
Glacier County Assessor  
Cut Bank, MT 59427

Dear Mary:

Please find enclosed certification notices for the recently completed audit of  
Net Proceed returns for production years 1978 & 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the Mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
157.11	136.12		
145.77	1450.26		

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

Don Hoffman

Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

10/29/82  
JL

W. W. W.

October 19, 1982

Mari Youngkin  
McCone County Assessor  
Circle, MT 59215

Dear Mari:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1978 & 1979.

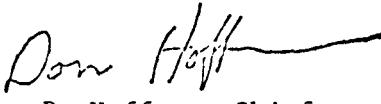
Please complete the following schedule on the attached copy and keep this original for your records. Please provide the Mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
1979 191.76	325.80	71.68	6.52
1979 191.76	Refund (10,449.76)	-0-	-0-
1980 215.57	2,303.16	322.44	46.06

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

  
Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

To: *[Signature]*  
10/3/82

# DEPARTMENT OF REVENUE



TED SCHWINDEL, GOVERNOR

MITCHELL BUILDING

## STATE OF MONTANA

HELENA, MONTANA 59620

October 19, 1982

Bernt Ward  
Sheridan County Assessor  
Plentywood, MT 59254

Dear Bernt:

Please find enclosed certification notices for the recently completed audit of  
Net Proceed returns for production years 1978 & 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the Mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
1980-- 162.01	6442.80		
1979-- 160.42	1119.40		1307.91

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

*Don Hoffman*

Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

*W. Chittenden  
Copy 11/1/82*

# DEPARTMENT OF REVENUE



TED SCHWINDEN GOVERNOR

MITCHELL BUILDING

## STATE OF MONTANA

HELENA, MONTANA 59620

October 19, 1982

Doris Olson  
Richland County Assessor  
Sidney, MT 59270

Dear Doris:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the Mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
.09570	1448.23	287.68	28.96

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

Copy to *Chief* 10/11/82  
Copy 11/1/82

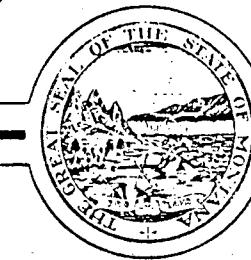
RECEIVED

OCT 21 1982

RECEIVED CO. ASSESSOR

OCT 25 '82

MITCHILL BUILDING



TED SCHWINDLN GOVERNOR

STATE OF MONTANA

RECEIVED

HELLNA, MONTANA 59620

October 19, 1982

Oct 12<sup>th</sup>  
(cert. Notices)

Creath Tooley  
Yellowstone County Assessor  
Billings, MT 59101

Dear Creath:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1978 & 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the Mill levy used, the additional tax computed, and the interest and penalty assessed:

	<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
1979	197.98	810,097.97	—	—
1980	203.15	24,343.46	—	—

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

*Don Hoff*

Don R. Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Enclosure

## DEPARTMENT OF REVENUE



TED SCHWINDLIN, GOVERNOR

MITCHELL BLDG

## STATE OF MONTANA

HELLNA, MONTANA 59620

October 19, 1982

RECEIVED

OCT 21 1982

Walter Gruefe  
 Roosevelt County Assessor  
 Wolf Point, MT 59201

STATE DEPARTMENT  
 OF REVENUE

ADMINISTRATIVE OFFICE  
 ROOSEVELT C

Dear Walter:

Please find enclosed certification notices for the recently completed audit of . . . Net Proceed returns for production years 1978 & 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the Mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
190.30	288.67		

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Very truly yours,

DEPARTMENT OF REVENUE

*Don Hoffman*

Don R. Hoffman, Chief  
 Natural Resource Bureau  
 Natural Resource & Corporation Tax Division

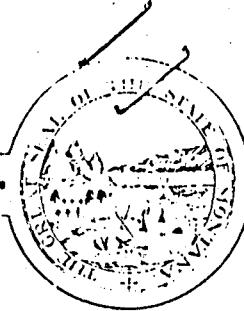
DRH/tr

Enclosure

*This is in 1977*

*Production - couldn't  
 find 1978 Production  
 may have not paid this  
 amount as yet but they  
 have until Nov. 30th to pay  
 we might have not paid*

# DEPARTMENT OF REVENUE



THE GOVERNMENT OF MONTANA

THE STATE BUILDING

## STATE OF MONTANA

DEPTA MONTANA 1982

April 14, 1982

Margaret Nickish  
Rosebud County Assessor  
Forsyth, Montana 59327

Dear Margaret:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production year 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
.110974	\$848.84	144.30	200 <sup>00</sup> for late report
		1% for 1/2 mo.	

Montana Law 84-7804  
If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

Don Hoffman

Don Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DH/dh

Enclosure

RECEIVED

ASSSESSOR  
ROSEBUD COUNTY

OK

1/1

April 14, 1982

Doris Baird  
Richland County Assessor  
Sidney, Montana 59270

Dear Doris:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1977, 1978 & 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the additional tax computed, and the interest and penalty assessed:

MILL LEVY	ADDITIONAL TAX	INTEREST	PENALTY
13.14 123.55	86.83.27	2909.62	
85 103.26	57.43.91	2067.80	
15.5 119.52	16.38.02	589.68	
13 132.75	15.925.17	4542.75	
13.55 135.33	28.733.92	6896.06	
942 103.23	21.64.04	526.57	
13.41 125.14	43.40.85	523.30	
13.4 124.00	13.75.27	165.02	
13.4 124.47	117.10.56	1432.85	
13.4 124.51	1296.51	155.62	

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Yours truly,

84,268.92 -1 19,803.27 -

DEPARTMENT OF REVENUE

104

Don Hoffman  
Don Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DH/dh

Enclosure

DK  
fec

STATE OF MONTANA  
DEPARTMENT OF REVENUE  
STATE TAX COMMISSIONER



April 14, 1982

Earl Donderud  
Toole County Assessor  
Shelby, Montana 59474

Dear Earl:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1977, 1978 & 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
1973 .16881	289.17	None	None
1974 .16505	589.06	None	None
1975 .15010	373.29	None	None
1,251.52 - TOTAL			

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

Don Hoffman

Don Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DH/dh

Enclosure

OK  
Rec'd  
12/2/82

## DEPARTMENT OF REVENUE



ELLEN SWINDEN GOVERNOR

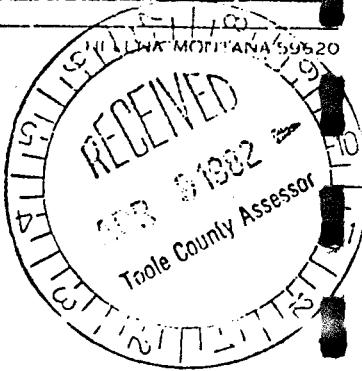
MAY 10 1982

## STATE OF MONTANA

April 8, 1982

Earl Bonderud  
 Toole County Assessor  
 Shelby, Montana 59474

RECEIVED  
 APR 13 1982  
 DEPARTMENT OF REVENUE  
 CERTIFICATION



Dear Earl:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1977, 1978 and 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the additional tax computed, and the interest and penalty assessed:

MILL LEVY	ADDITIONAL TAX	INTEREST	PENALTY
1978 .14269	\$ 4,857.89	None	None
1979 .15678	\$ 6,542.26	None	None
1980 .12799	\$ 9,415.80	None	None
		\$ 20,815.95 - TOTAL	

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

Don Hoffman, Chief  
 Natural Resource Bureau  
 Natural Resource & Corporation Tax Division

DH/dh

Enclosure

# DEPARTMENT OF REVENUE



ELIJAH WINDEN GOVERNOR

MICHAEL BUILDING

## STATE OF MONTANA

HELENA MONTANA 59620

April 8, 1982

Linda Anderson  
Blaine County Assessor  
Chinook, Montana 59523

Dear Linda:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1977, 1978 and 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>1979</u> <u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
158.15	\$ 737.96		

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE



Don Hoffman, Chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DH/dh

Enclosure

OK  
Reid April 14

## DEPARTMENT OF REVENUE

PR 9 1982

COUNTY ASSESSOR

MITCHELL L. HOGG



TED SCHWINDEIN GOVERNOR

STATE OF MONTANA

HELENA MONTANA 59620

April 8, 1982

Dorothy Klotz  
 Teton County Assessor  
 Choteau, Montana 59422

Dear Dorothy:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1977, 1978 and 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the additional tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
168.05	\$277.62		
174.17	\$389.44		
170.18	\$722.76		

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

A handwritten signature in black ink, appearing to read "Don Hoffman".

Don Hoffman, Chief  
 Natural Resource Bureau  
 Natural Resource & Corporation Tax Division

DH/dh

Enclosure

## DEPARTMENT OF REVENUE



TED SCHWARTZ GOVERNOR

MONTANA TAX DIVISION

## STATE OF MONTANA

RECEIVED

HELENA MONTANA 59620

April 8, 1982

APR 9 1982

COUNTY ASSESSOR

Mary Guse  
 Glacier County Assessor  
 Cut Bank, Montana 59427

Dear Mary:

Please find enclosed certification notices for the recently completed audit of Net Proceed returns for production years 1977, 1978 and 1979.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the additional tax computed, and the interest and penalty assessed:

	<u>MILL LEVY</u>	<u>ADDITIONAL TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
978 2598	148.28	385.23		
779 2598	170.33	442.52		
980 2665	155.92	415.53		

If you have any questions concerning the audit or the above requested information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

A handwritten signature in black ink, appearing to read "Don Hoffman".

Don Hoffman, Chief  
 Natural Resource Bureau  
 Natural Resource & Corporation Tax Division

DH/dh

Enclosure

A handwritten signature in black ink, appearing to read "P. Hoff".

# DEPARTMENT OF REVENUE



ED SCHWINDEL GOVERNOR

MICHAEL BUILDING

## STATE OF MONTANA

HELENA MONTANA 59620

December 29, 1982

James Chamberlain  
Musselshell County Assessor  
Roundup, MT 50077

Dear Jim

Certification notices have been sent to your county for the late filed net  
proceeds return(s) for production year(s) 1981.

Please complete the following schedule on the attached copy and keep this  
original for your records. Please provide the mill levy used, the tax  
computed, and the interest and penalty assessed:

MILL LEVY	TAX	INTEREST	PENALTY
157.54	\$3306.15		\$ 292.54

If you have any questions concerning this filing or the above requested  
information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

Don R. Hoffman, chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DH/tr

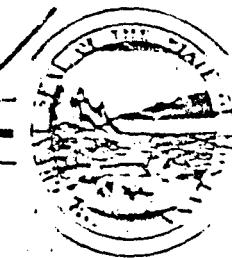
Attachment

RECEIVED

JAN 04 1983

STATE DEPARTMENT  
OF REVENUE

# DEPARTMENT OF REVENUE



November 8, 1982

James Chamberlain  
Musselshell County Assessor  
Roundup, Montana 59072

Dear Jim

Certification notices have been sent to your county for the late filed Net proceeds return(s) for production year(s) 1981.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
103.44	41,714.25	—	2919.98

If you have any questions concerning this filing or the above requested information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

Don R. Hoffman, chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DH/tr

Attachment

# DEPARTMENT OF REVENUE



STATE OF MONTANA

November 3, 1982

55 m/s

Mary Guse  
Glacier County Assessor  
Cut Bank, MT 59427

Dear Mary

Certification notices have been sent to your county for the late filed net proceeds return(s) for production year(s) 1976 through 1981.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
			<i>Total Penalty 54,685</i>

If you have any questions concerning this filing or the above requested information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

*D. R. Hoffmann*  
Don R. Hoffmann, chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DH/tr

Attachment

I have enclosed copies of bills 434, 435, 436, 437 & 438 showing all of the above requested information with the exception of interest. Enclosed a copy of 15016-102 to the treasurer concerning interest. It is not known at this time if she will include interest.

erry

DEPARTMENT OF REVENUE



REVENUE DEPARTMENT

STATE OF MONTANA

REVENUE DEPARTMENT

August 18, 1982

RECEIVED

SEP 9 1982

Mary Guse  
Glacier County Assessor  
Cut Bank, Montana 59427

DEPARTMENT OF REVENUE  
PROPERTY ASSESSMENT DIVISION

Dear Mary:

Certification notices have been sent to your county for the late filed  
net proceeds return(s) for production year 1981.

Please complete the following schedule on the attached copy and keep  
this original for your records. Please provide the mill levy used, the  
tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
19253	11,400.28	—	456.00

If you have any questions concerning this filing or the above requested  
information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

*Don Hoff*  
Don Hoffman, Chief,  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

Recd 10/27/82  
cc

DEPARTMENT OF REVENUE



TEO SCHWANEN, GOVERNOR

W. T. COOPER, JR., SECRETARY

STATE OF MONTANA

RECEIVED IN MONTANA STATE

August 18, 1982

Doris Olson  
Richland County Assessor  
Sidney, Montana 59270

Dear Doris:

Certification notices have been sent to your county for the late filed net proceeds return(s) for production year 1980.

Please complete the following schedule on the attached copy and keep this original for your records. Please provide the mill levy used, the tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
115.26	35743.28	5718.92	—

If you have any questions concerning this filing or the above requested information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

*Don Hoff*

Don Hoffman, Chief,  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DRH/tr

10/31/82

## DEPARTMENT OF REVENUE



THE GREAT SEAL OF THE GOVERNOR

STATE OF MONTANA

RECEIVED

AUG 4 '82

DEPARTMENT OF REVENUE

July 27, 1982

James Chamberlain  
 Musselshell County Assessor  
 Roundup, Montana 59072

Dear Jim:

Certification notices have been sent to your county for the late filed  
 net proceeds return(s) for production  
 year(s) 1980.

Please complete the following schedule on the attached copy and keep  
 this original for your records. Please provide the mill levy used, the  
 tax computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>TAXES</u>	<u>INTEREST</u>	<u>PENALTY</u>
134.78	4575.49	By Treasurer → 305.04	145.75 Penalty for 13 months 5.94 → 97.61

If you have any questions concerning this filing or the above requested  
 information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE

Don Hoffman, Chief,  
 Natural Resource Bureau  
 Natural Resource & Corporation Tax Division

DRH/tr

Find  
 10/21/92  
 C

# DEPARTMENT OF REVENUE



TED SCHWINDEN, GOVERNOR

MICHELL BUILDING

## STATE OF MONTANA

HELENA, MONTANA 59620

October 12, 1982

## RECEIVED

OCT 18 1982

STATE DEPARTMENT  
OF REVENUE

James Chamberlain  
Musselshell County Assessor  
Roundup, Montana 59072

Dear Jim

Certification notices have been sent to your county for the late filed  
gross proceeds return(s) of \_\_\_\_\_ for production year(s) 1981.

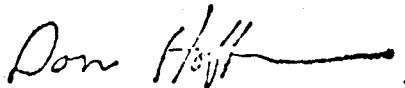
Please complete the following schedule on the attached copy and keep this  
original for your records. Please provide the mill levy used, the tax  
computed, and the interest and penalty assessed:

<u>MILL LEVY</u>	<u>TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>
157.57	\$ 7467.67	-0-	\$ 448.20

If you have any questions concerning this filing or the above requested  
information, please contact the undersigned.

Yours truly,

DEPARTMENT OF REVENUE



Don R. Hoffman, chief  
Natural Resource Bureau  
Natural Resource & Corporation Tax Division

DH/tr

Attachment

I am Representative Bill Hand, from District 82. I'm the primary sponsor of HB858, which seeks to correct two legislative oversights.

The main thrust of this bill would authorize the state to allow more substantial defrayment to the few licensed wholesalers on whom we depend for prepaying the state cigarette tax and their costs of enforcing this tax law.

HB858 would increase the state's allowance to 7 per cent of 12 cents a pack tax, from 3 per cent.

At the present state tax of 12 cents a pack of cigarettes, the wholesaler receives 3 per cent or 36-hundredths of one cent. If HB511 is enacted and the tax is increased to 15 cents a pack, only a fraction more (.0009, or 45-hundredths of a cent, or 4 and one-half mills).

Over the years the legislature has increased the state cigarette tax to 5 cents a pack, to 8 cents a pack and to 12 cents. In the 1950s and 1960s, the state's allowance to defray expenses tended to be in an area which might be regarded as fair treatment. However, since the 12-cent tax level was reached in the early 1970s, the rate of inflation on the expense items of prepaying and enforcing this tax has risen sharply. The dollar costs to the cigarette wholesaler have more than doubled, I am told. The state's percentage allowance has remained the same. The same 3 per cent allowance applied to a proposed 15 cents a pack tax, I'm told, would not substantially offset wholesalers' administration losses.

Many persons — perhaps a number of legislators — are not aware that the state imposes an unique burden of responsibility and expense upon one small segment of our business community — the cigarette wholesalers. If there's any other industry on which government imposes such a condition of doing business, I'm not aware of it. The state requires that only this one segment of industry to prepay the very substantial product tax before the product can be offered for sale or before the wholesaler is paid anything for the product — cigarettes. These wholesalers must tie up capital in such tax sometimes for weeks until they get such advanced tax money back into the business. The cost of such money is above and beyond any cost required by government for any other business. Therefore the money costs and expense of imprinting the state tax insignia, and special security requirements required by the state, all are unique burdens above and beyond the normal costs of doing business by other business enterprises.

The smaller the cigarette wholesale distributor the proportionately greater is his unit costs for complying with state tax laws. A prime example is the machinery cost, now \$19,000.00 new, and this is the same price for the smaller wholesale distributor, as for the largest distributor. This legislature should acknowledge the state's special burden imposed on these wholesalers, related to the cost of doing business which has doubled and more, since the 3 per cent was first allowed.

The committee may wish to consider the cost differential imposed on the distributor with less volume, versus the lesser unit cost for the warehouse with greatest volume. This has been recognized by several states with a graduated scale of percentage allowances.

HB858 calls the legislature's attention to the need for concern for the state's unique resource partner in business. The wholesale cigarette distributors are our state's life line for millions of dollars in revenues.

I'm concerned for this important segment of our business community. They have asked for some help. They need help in the form of a little more fair treatment from the state, in their unique service to the state.

If 7 per cent is not acceptable, we hope that you will increase the 3 per cent to some fairer percentage. If the flat percentage is not preferred, I hope you will adopt a graduated scale which will provide some more fair defrayment to the lower volume distributor.

HB858 also has a housekeeping correction, arising from an oversight of the 1981 legislature in not making the second reference to the allowance the same figure. See page 2, line 13.

As a proponent, I present a constituent, Mr. Dan Carpita, a Beaverhead county wholesale cigarette distributor.

---

NOTE: Example of a graduated state allowance:

First 30,000 cigarettes	7%
Next 30,000	6%
Over 60,000	5%

I'm Dan Carpita of Dillon, a licensed wholesale cigarette distributor. My company is among the smaller distributors who prepay the state cigarette tax, do the tax insignia stamping on cigarette packs and do all other enforcement functions that the state requires. There are some 25 Montana resident wholesale distributors, and perhaps 12, or about half may be classified among the smaller independent service wholesalers.

I request favorable consideration of the intent of House Bill 858, because my calculations show that my company is losing money in working for the state.

The Montana law requires that the cigarette wholesale distributor must prepay the state sales tax, prior to delivery to any retailer. This is a tremendous capital cost for the few wholesale distributors licensed by the state. No other line of business has this government-imposed burden. In practice, the wholesalers' capital cost outlay is not replaced for a week, more often for weeks, or when the retailer finally pays for the product. In some cases, there is never any replacement.

Whatever the cost of capital for prepayment of this state tax, we believe it's a cost which the state of Montana fails to reimburse.

The cost of tax affixing machinery is the same for the smaller volume distributor as for the largest volume distributor. Today, the cost for a new machine is \$19,000.00. Compare this with the cost just 10 years ago of \$5,000.00 to \$7,000.00 for similar machinery. Yet we're living with the same 3 per cent allowance as we were receiving 10 years ago.

Cost machine repairs have skyrocketed, perhaps four to five times, and now run to \$50.00 an hour, portal to portal, plus expenses. And the mechanics are based in Spokane or Billings. The machine is required by the state.

An option to lease a machine, which is happening in Billings, runs \$300 a month, \$3,600.00 a year, plus maintenance expense.

No other business requires double floor space for one product as the state requires for cigarettes. On top of the greater warehouse space — a percentage cost of all the building operation — the state requires certain security measures. A Billings warehouse owner informs us his cost are \$5,000.00 for the basic alarm system, plus \$37 a month or about \$500 annually for the connection of the system to the Billings police.

You see, the state of Montana is a "partner" in the cigarette business. The state's stake now is \$1.20 state tax which is lost if burglars steal unstamped cigarettes, and the businessman loses \$1.20 a case for theft of every carton of stamped cigarettes. With the federal tax, the government has a greater "profit" from cigarettes than any level of the cigarette marketing process. The state requires the security system---which is one more state imposed burden on our segment of industry.

There is also a rising cost of labor for operation of the machines—a state-imposed cost which no other industry has.

If HB511 is enacted, it will worsen our situation. We will have to advance even greater capital for tax prepayment at today's capital costs, which are far more than the addition of 3 per cent on 3 cents more cigarette tax.

When we first were allotted 3 per cent, banks were charging 5 to 6 per cent on a commercial loan. This compares with 15 or 16 per cent today on an unsecured note if one has to borrow to prepay the state tax. If one has such cash, then he is losing 8, 9 to 10 per cent interest if such capital could be spared for investment return.

Other western states treat their wholesale cigarette distributors better than Montana does --- in Idaho, North Dakota, South Dakota, Utah, Colorado, New Mexico and Arizona. We obtained the figures from the Department of Revenue.

Other states' allowances range from Alabama with 12 and 1/2 cents a carton, Nebraska 9 cents a carton, Oklahoma 7 cents and 2 mills a carton. Meanwhile, the state of Montana allows 3 cents-6 mills a carton.

If, HB511 is enacted as is, the Montana allowance would be 4 and 1/2 cents a carton.

We urged the committee to vote "do pass" on HB858.

Total state tax stamps purchased in 1982 = \$38,400.00

Stamping allowance = 3% x \$38,400 = \$1,152.00 \$1,152.00

Average tax inventory was \$7,200.00

Interest on tax 15% x \$7,200 = \$1,080.00

Rent on stamping equipment 400.00

Maintainance on stamping equip. 400.00

Average labor to apply stamps  
2 hrs/week @ 9.00/hr x 52 weeks = 936.00

\$2,816.00 \$2,816.00

\*Net loss on state tax = -\$1,664.00

\*Note:

This net loss does not include labor involved in record keeping and preparing monthly reports to the Dept. of Revenue (approx. 8 hrs/month). Nor does it include the utilities consumed by the stamping equipment.

Assuming that we do the same volume of business after the tax increase, that inventory levels remain constant and that interest, labor and stamping equipment cost do not rise (they have risen over 200% since 1971):

State stamp purchases would be \$48,000

Stamping allowance = 3% x \$48,000 = \$1,400.00

Average tax inventory = \$9,000.00

Interest on tax = 15% x \$9,000 = \$1,350.00

Rent on equipment = 400.00

Maintainance on equipment = 400.00

Labor to apply stamps = 936.00

\$3,086.00 \$3,086.00

\*Net loss on state tax = -\$1,646.00

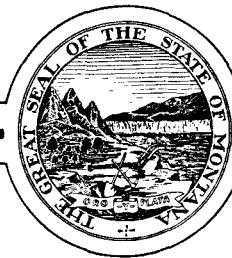
\*Note:

In order to recover costs involved with state tax the stamping allowance would have to be in the neighborhood of 7%.

$$\frac{3,086}{4,300} = 6.44\%$$

OFFICE OF THE GOVERNOR  
BUDGET AND PROGRAM PLANNING

EXHIBIT 5  
3-3-83



TED SCHWINDEN, GOVERNOR

CAPITOL BUILDING

STATE OF MONTANA

(406) 449-3616

HELENA, MONTANA 59620

TESTIMONY ON HOUSE BILL 511

House Bill 511 increases the cigarette tax by 3¢ a pack and the Liquor tax by 2.65%. The money raised, approximately \$4 million per year, would be used to pay off a Long Range Building Bond issue of \$35,943,815 these funds would be used to construct "projects at various places around the state. A list of those projects is attached.

Montana has used cigarette taxes to build state buildings since July 1, 1965. This precedent has served us well. We have used these taxes to retire many state building bond issues.

Other states have recently increased their cigarette taxes as shown below:

Michigan	11¢	to	21¢	a pack	5-01-82
Missouri	9¢	to	13¢	a pack	8-13-83
Nebraska	14¢	to	18¢	a pack	5-01-82 to 4-30-84
New Jersey	19¢	to	24¢	a pack	6-18-82
Oregon	16¢	to	19¢	a pack	6-01-82
Rhode Island	18¢	to	23¢	a pack	3-15-82
Utah	10¢	to	12¢	a pack	7-01-82
Washington	20¢	to	20.8¢	a pack on up to 23¢	5-02-82 and 8-01-82
Wisconsin	20¢	to	25¢	a pack	
North Dakota	12¢	to	18¢	in a bill proposed by Governor now in Legislature.	
Montana	12¢	to	15¢	proposed.	
South Dakota	15¢	Current Tax			
Wyoming	8¢	Current Tax			

This Bill must be considered in conjunction with the Long Range Building Appropriation Bill, House Bill 833 and the Bond authorization Bill, House Bill 558.

An amendment to this bill is being offered to increase the cigarette tax an additional 1/4¢ a pack. This will provide money to retire a \$1.5 million bond issue. The \$1.5 million will be used to generate \$15 million in Federal money for airport repair and reconstruction.

LEGISLATURE1:Q/1

PRIORITY LISTING

CAPITAL CONSTRUCTION PROGRAM PROPOSAL  
FUNDED WITH BONDED DEBT  
1983 - 1985 BIENNIAL

<u>Priority</u>	<u>Agency/Project</u>	<u>Accounting Entity</u>	<u>Bond Proceeds &amp; Insurance Clearance</u>	<u>Earmarked Revenue</u>	<u>Federal &amp; Private Revenue</u>	<u>Total</u>
50.	Major Expansion, Prison	06142	12,208,700	0	0	12,208,700
51.	Complete Cisel Hall Remodel and Addition, EMC	06142	625,000	0	0	625,000
52.	Construct New DNRC Building, Capitol Complex	06142	6,958,000	0	0	6,958,000
53.	Construct Two New Cottages, Pine Hills	06142	2,300,000	0	0	2,300,000
54.	Construct Engineering Laboratory/Classroom Building, Tech	06142 04530	2,750,000	0	2,750,000	5,500,000
55.	Expand Greenhouse/Headhouse Complex, MSU	06142	5,302,000	0	0	5,302,000
56.	Purchase Riverfront Land, UM	06142	500,000	0	0	500,000
57.	Forensic Building Remodel & Addition, Warm Springs	06142	1,678,464	0	0	1,678,464
58.	Remodel Infirmary, Prison	06142	225,000	0	0	225,000
59.	Construct Veteran's & Pioneer Memorial Building Addition, Capitol Complex	06142	2,063,295	0	0	2,063,295
60.	Renovate Social Science Building, UM	06142	499,000	0	0	499,000
61.	Build Emergency Operations Center, Helena Armory	06142 04530	834,356	0	804,688	1,639,044
	<b>Total</b>		<b>35,943,815</b>	<b>0</b>	<b>3,554,683</b>	<b>39,498,503</b>

Proposed Amendment to HB511

1. Page 2, line 8  
Following: "12"  
Strike: "15"  
Insert: "15.25"
2. Page 2, line 10  
Following: "12"  
Strike: "15"  
Insert: "15.25"
3. Page 2, line 17  
Following: "73%"  
Strike: "78.4%"  
Insert: "78.75%"
4. Page 2, line 19  
Following: "27%"  
Strike: "21.6%"  
Insert: "21.25%"
5. Page 3, line 12  
Following: "73%"  
Strike: "78.4%"  
Insert: "78.75%"
6. Page 3, line 13  
Following: "12 cent"  
Strike: "15 - cent"  
Insert: "15.25 cent"

# WIFE Women Involved in Farm Economics

NAME JO BRUNNERBILL NO. HR 511ADDRESS 563 3rd ST. HELENADATE Mar. 3REPRESENT WOMEN INVOLVED IN FARM ECONOMICSSUPPORT XOPPOSE ABSTND **COMMENTS:**

Mr. Chairman, members of the committee my name is Jo Brunner and I represent the members of the Women Involved in Farm Economics organization today.

Mr. Chairman, the members of our organization wish to support the long range building program, specifically the expansion of the greenhouse at Montana Stat University, from the so-called sin tax. Certainly a great many of our agriculture people use the products that would have an additional tax to pay for the greenhouse, but I guess we figure that those products get a lot mileage out of advertising the great wide-open spaces, the cowboys and the beautiful range from Marlboro country-- the grain fields and combines in them for the brewing industries and we can use some help in preserving that image. We'd just as soon keep those fields and those mountain ranges free of noxious weeds.

Now when I get home, it might be a different story when my husband finds out I've requested an additional tax on the cigarettes I'm always telling him he should stop smoking and that cost to darn much already. The cost of noxious weeds to the state of Montana is staggering. Spotted knapweed alone eliminates 640,000 animal units of grazing land a year, a loss of some ten million, five hundred thousand dollars to the citizens of Montana. Its estimated that leafy spurge took at least 500,000 acres out of beneficial use in Montana in 1982, another cost to our people. Canadian thistle seeds can lay dormant for close to 20 years and wild oats nearly that long. Thistle roots can go down at least 10 feet and spread out 15-20 feet and it stores its food in the roots. Dalmatian toadflax roots can go down 7 or more feet and spread out to form an almost unpenetrable mass under the soil.

The actual costs of weed control through chemicals and weeds not controlled runs from 80 to 100 million dollars per year to the state of Montana. The use of chemicals in weed control is a very necessary part of control.

# WIFE Women Involved in Farm Economics

Chemicals allow agriculture to feed the world abundantly---with the quote cheap quote food policy. But there are some weeds that chemicals cannot touch, or that should be used with. Researchers are finding that we can use chemical and biological control as a team. And so we get to biological control. The combined efforts of Montanas weed organizations, agriculture organizations, RAD committee, individuals sent Rep. Bob Thoft to Europe to look into why it takes so long to get the control agents into the United States after the research programs we have paid for in the laboratories and research centers were approved. He took information from our research programs to Europe and brought a lot of pertinent material back. That information lead us to believe that until we can get a quarantine center close to the situation, we <sup>will</sup> ~~would~~ continue to fall behind in introduction of bio control and weeds would continue to amass more and more land, and it would cost the citizens of Montana more and more money. Because weed control is not just agricultures problem. Weeds are not spread only by agriculture people and methods, they are spread by many, many different methods and they fall on urban and rural lands and lots alike.---Since Thofts return a program has been instigated that would benefit not only Montana, but our surrounding states and Canada. Our state Ag. Department, MSU,--farm and ranch organizations and comparative interests in our sister states have met and discussed a quarantine center.

Certainly we have existing greenhouse facilities, the fairly new one at Corvallis, and you should go through that if you get a chance, and the facilities at MSU, which I strongly urge you go visit--~~if you have to make the trip~~. One portion of that greenhouse---is no larger than this room and the specimens are stuck under tables, hanging from the ceilings, on top of cupboards, at least that was the situation 2 years ago when I visited. I remember thinking that if we were progressing in research in weed control under such adverse conditions, what on earth could we do with proper facilities.

The greenhouse would be used for much more than weed control. Certainly a prime use would be bio-control, and you might have guessed <sup>an</sup> area near and dear to my heart, but the benefits would cover many, many other areas. We need further consideration in barley and wheat breeding, pasture grass research. Montana climatic conditions require breeds of grain able

# WIFE Women Involved in Farm Economics

page 3

HB 511

to survive our bad winters, our late springs, and the ability to resist the disease~~s~~ that can take a years work and income. Our livestock industry benefits from research done on breeding and disease and which will be continuous under new facilities. The outlying experimental stations will work in conjunction with the expanded greenhouse at Bozeman. Certainly other projects, not pertinent directly to agriculture will be continued also.

And certainly the money from such increased taxes could be used elsewhere. Probably the cost of an added tax on the luxury of tobacco and alcohol may not be all that acceptable to those using them. Other programs may be quite worthy of increased funding.

It is our opinion that with this greenhouse facility and with the other programs to be funded--not only will jobs be provided, taxes will be paid on those wages, industries will benefit, agriculture will indeed be able to return more money into our tax structure, and regain, over the years, productive land not~~u~~ lost to us--our industry will grow with the needed research and implementation needed to continue to do the work we are in business for--sustaining life.

We ask that you do pass the tax request in HB 511, that the tax be used for long range building, [REDACTED]

[REDACTED]  
Thank you,

I ASK THAT THIS TESTIMONY BE RECORDED  
FOR MONTANA FARM BUREAU.

EXHIBIT 8  
3-3-83  
03/03/83  
Jack & Pat Iman

To: The House Committee on Taxation

Mr. Chairman, Committee Members,

For the record, we are ranchers in Ravalli County who are willing to sin and be taxed for it - to build Montana. But not willing to see our sintax money go into any program other than Long Range Building.

Thank-you,

Jack & Pat Iman

DATE: MARCH 3, 1983

ASSOCIATED STUDENTS  
Montana State University

EXHIBIT 9  
3-3-83

SUBJECT: HB-511

LEE PURDY  
ASMSU LOBBYIST

TO: HOUSE APPROPRIATIONS COMMITTEE

FROM: LEE PHILLIPS PURDY ASMSU LOBBYIST

HELENA:  
Office 449-3024

Home 449-6427

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS LEE PURDY AND I REPRESENT THE ASSOCIATED STUDENTS OF MONTANA STATE UNIVERSITY.

THE STUDENTS OF MSU SUPPORT HB-511 AS IT STANDS, IN ORDER TO FINANCE LONG RANGE BUILDING BONDS.

THESE BONDS WILL FINANCE LONG RANGE CAPITAL CONSTRUCTION THAT IS FUNDED WITH BONDED DEBT.

SPECIFICALLY, THESE FUNDS WILL GO TO EXPAND THE OLD MSU GREENHOUSE INTO THE SOREL NEEDED CONTROLLED ENVIRONMENT FACILITY.

INADEQUATE SPACE AND DETERIORATING BUILDINGS HAVE PROPELLED THE GREENHOUSE TO TOP PRIORITY FOR MSU.

A NUMBER OF EXPERIMENTS HAVE BEEN RUINED OR CURTAILED BECAUSE OF INADEQUATE OR VERY BAD CONDITIONS WITHIN THE GREENHOUSE.

64% OF THE SPACE HAS NO ARTIFICIAL LIGHT AND 45% HAS NO HEATING, COOLING, OR EXAUST SYSTEM. THIS CAN LEAD TO EXPERIMENTS THAT PRODUCE HIGHLY INACCURATE DATA.

MSU HAS ABOUT 162 SQ. FT. PER STAFF MEMBER USING THE FACILITY, COMPARED TO OUR NEIGHBORING STATES UNIVERSITYS, SUCH AS SOUTH DAKOTA WITH 423 SQ. FT.; WASHINGTON WITH 473 SQ. FT.; WYOMING WITH 500 SQ. FT.; IDAHO WITH 720 SQ. FT.; AND NORTH DAKOTA WITH 1017 SQ. FT..

WE ARE SOME WHAT LACKING IN SPACE THAT IS NEEDED FOR BOTH FACULTY RESEARCH AND CLASSROOM USAGE. SINCE THE BUILDING WAS BUILT IN THE 1950'S, FACULTY RESEARCH HAS INCREASED 300%, PLUS WE'VE ADDED THE STUDENT USAGE. HOWEVER, FOR LACK OF SPACE, A LOT OF CLASSES CAN'T USE IT. THIS TENDS TO REDUCE THE EFFECTIVENESS OF TEACHING INSTRUCTION.

THE FLOORING IS ROTTEN AND UNSAFE, ISOLATION ROOMS ARE NOT AVAILABLE, AND THE WIRING SYSTEM IS A REAL FIRE HAZARD.

THE CONTROLLED ENVIRONMENT FACILITY IS A VITAL COMPONENT OF RESEARCH AND AGRICULTURAL EDUCATION.

THE RESEARCH AFFECTS NOT JUST US BUT THE WHOLE STATE. THE MAJOR INDUSTRY IN MONTANA IS AGRICULTURE AND IF WE CAN DO SOMETHING TO IMPROVE THE AGRICULTURAL ECONOMY, WE SHOULD.

WITH INCREASED LAB FACILITIES MORE ROOM IS PROVIDED FOR DEVELOPEMENT OF WHEAT AND BARLEY VARIETYS, PLANT PATHOLOGY, AND PLANT/INSECT RELATIONSHIPS.

WITH THE PRESENT SPACE AVAILABE NOW IN THE GREENHOUSE FACILITY, THE AGRICULTURAL EDUCATION OF THE STUDENTS OF MSU IS SEVERELY LIMITED.

I VIEW HB-511, NOT AS A TAX ON SIN, BUT A METHOD BY WHICH WE WILL CONTINUE TO MAINTAIN AND IMPROVE THE HIGH QUALITY OF EDUCATION AVAILABLE AT MONTANA STATE UNIVERSITY.

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE.



# GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY

Honorable Representative Yardley  
Chairman - Taxation Committee  
House of Representatives  
Capitol Building  
Helena, Montana 59601

Mr. Chairman and Committee Members:

The  $\frac{1}{4}$ ¢ will provide for the retirement of bonds - the proceeds of which will provide the \$1.5 million necessary to acquire on a 90/10 match the \$14.5 million available to Montana through the Federal Airport Improvement Program.

The capture of these Federal "use them or lose them" funds is very important to the State of Montana. Montana's seventy (70) eligible airports need these improvements and are not fiscally able to acquire them now. A study conducted at the request of the State Division of Aeronautics has identified 18 million dollars of work needed on Montana airports in the 1982-86 time frame. The same text identified the need for 9 new airports and listed 10 others that need substantial and immediate improvements to remain serviceable!

Montana needs more jobs now. Montana's consultants, engineers, contractors, suppliers, and labor trades as well as many other groups will find new and major construction opportunities available once these Federal aviation user fees are put back to work in our communities. The total funds available through this program are of such substantial proportion as to very favorably impact our state's economy.

This country has the most modern, best equipped and safest aviation system on earth and we should not take it for granted. We, in aviation have also seen the world's finest highway and railroad system deteriorate because once created - too little money and emphasis was placed upon their upkeep, maintenance and replacement.

page 2

Aviation is much too important to the future of Montana to allow similar cause and effects to operate.

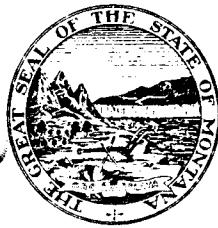
Sincerely,



M. J. Attwood

Director, Great Falls International Airport  
Chairman, Montana Aviation Advisory Committee  
Member, Montana Airport Management Association

MJA/ib



STATE OF MONTANA

*Office of the Legislative Fiscal Analyst*

STATE CAPITOL  
HELENA, MONTANA 59620  
406/449-2986

JUDY RIPPINGALE  
LEGISLATIVE FISCAL ANALYST

March 2, 1983

TO: Representative Cal Winslow  
FROM: Pamela D. Joehler, Assistant Analyst *10*  
SUBJECT: House Bill 511

Attached is a table illustrating the effect of changing the uses of the cigarette and liquor tax proposed increases in HB 511. The additional use is to allocate a portion of the additional revenue generated by the proposed increase to the human services area. The decrease is impacted in the bond account for the long-range building bonds.

Table Description

Columns one through six on the table present the percentage of total tax revenue allocated to each account. Columns seven and eight show the dollar amount allocated to human services and the dollar amount of long-range building bonds able to be supported under each scenario. With respect to the bonds, the terms are similar to the Department of Administration's estimate for the proposed \$35 million long-range bonds: 20 year maturity, 8.5 percent average interest.

Rows one through seven of the table are the various scenarios. Row one is HB 511 as amended by your proposal. Note that this scenario would reduce the percentage, and thus the dollar amount to the cash account. Rows two through seven maintain the cash account at 21.6 percent. There is no effect on the cash account if the allocation is maintained at 21.6 percent. Row seven is HB 511 as introduced.

Table 1  
 (Allocation Scenarios)  
 Proposed Cigarette and Liquor Tax Increases  
 Human Services - Long-Range Bonds

	-----Liquor Tax-----			-----Cigarette Tax-----				(8) Long-Range Bonds
	(1) Bond Acct.	(2) Human Services	(3) Gen. Fund	(4) Bond Fund	(5) Cash Acct.	(6) Human Services	(7) Human Services	
1. HB 511 as amended								
Alternatives	2%	12%	86%	62.7%	17.28%	20%	\$7,012,214	\$6,350,000
2. 1 (b)	7	7	86	53.4	21.6	25	7,408,148	-0-
3. 2	5	9	86	55.9	21.6	22.5	7,125,362	900,000
4. 3	5.5	8.5	86	58.4	21.6	20	6,418,474	4,050,000
5. 4	11	3	86	63.4	21.6	15	4,241,240	13,600,000
6. 5	10	4	86	68.4	21.6	10	3,166,828	18,775,000
7. 6	14	0	86	78.4	21.6	0	-0-	35,943,800

(a) Under this scenario, approximately \$1,075,000 total would be "moved" from the cash account to the bond account and for human services.

(b) Under this scenario, the bond account would have a "new revenue" deficit of approximately \$56,500; thus, no new bonds could be supported.

#### Revenue Requirements

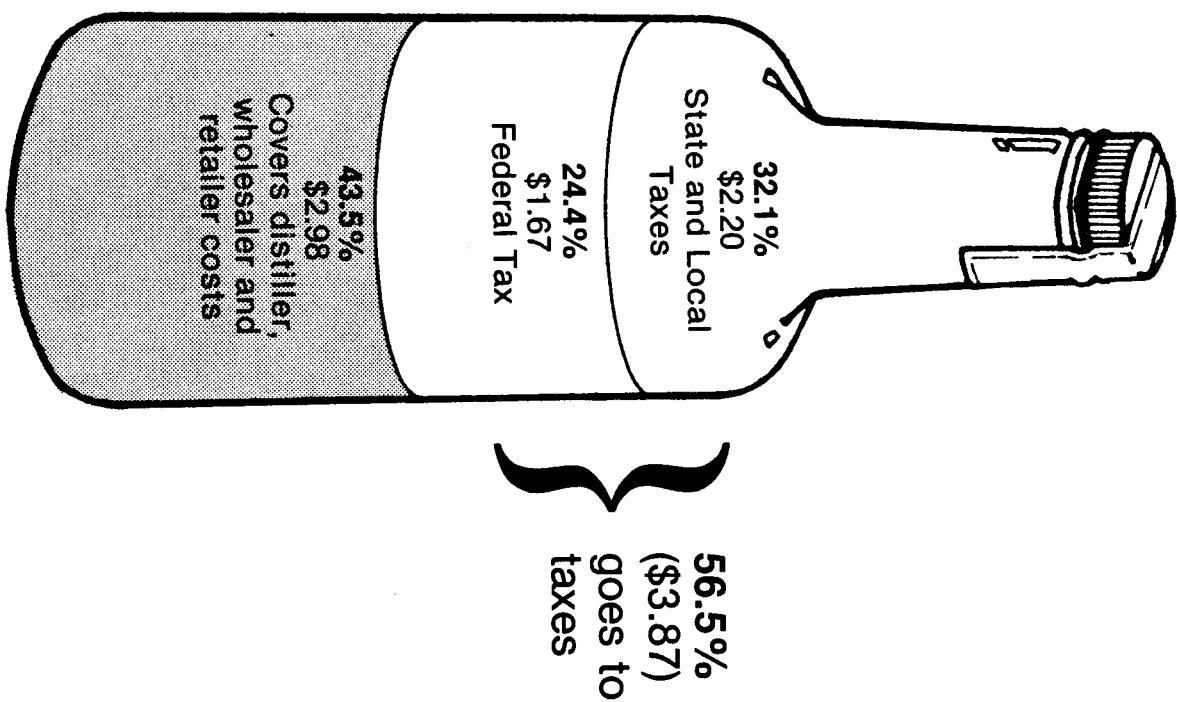
House Bill 511, as introduced, does not propose additional revenue to cover reserve requirements. The reserve requirement is a one-time set aside approximately equal to one year's debt service. This reserve requirement will have to be funded from the bond account. In order to facilitate comparison between HB 511 as introduced and as amended, the scenarios presented here do not pay reserve requirements from the additional revenue.

Attached also is a list of proposed long-range building projects to be funded from the bonds. The proposed projects total \$35,943,800.

If you have any questions or would like more information, please feel free to call me.

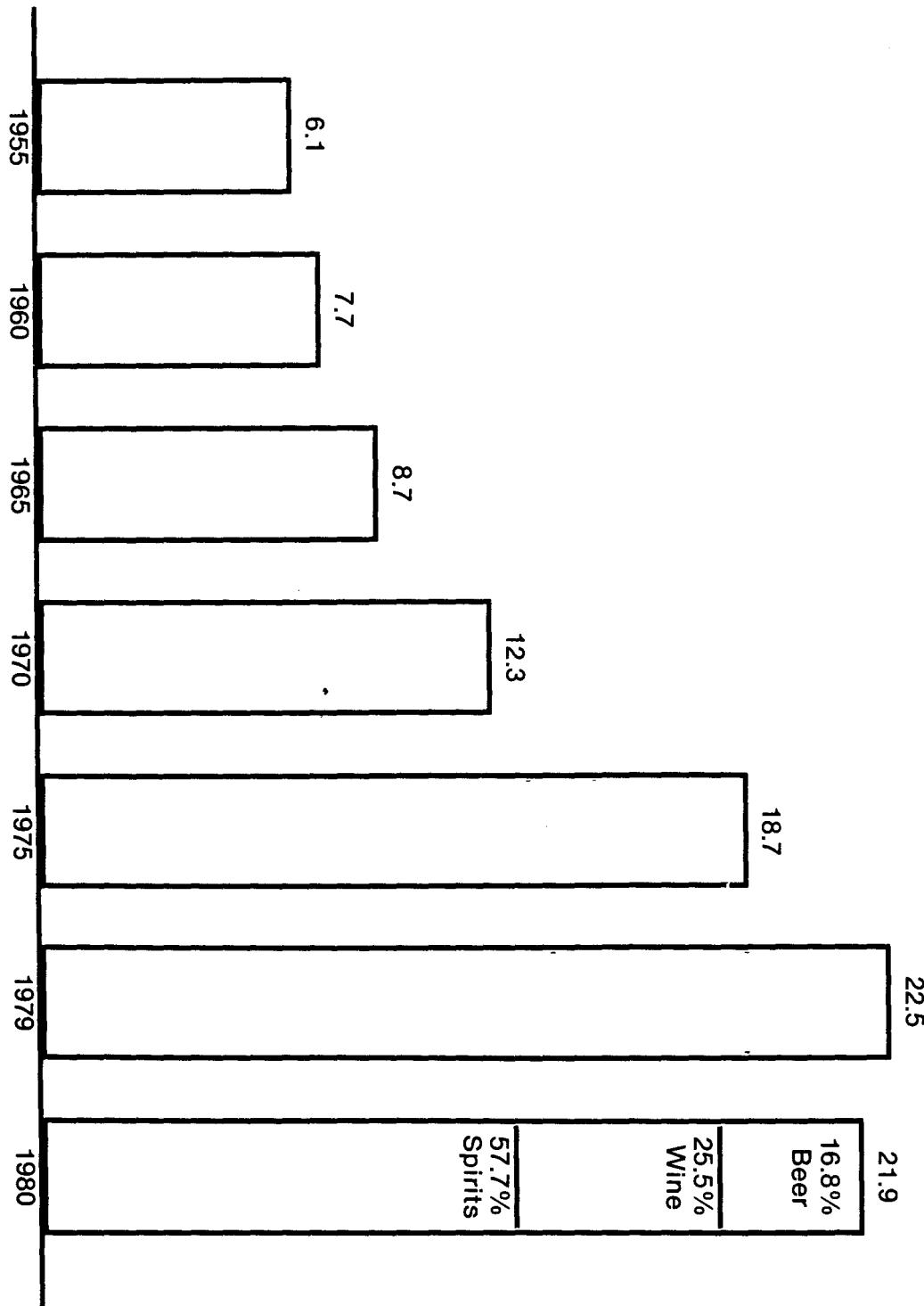
## Excessive Tax Burden Montana

Out of the typical 1982 retail price of \$6.85 for a bottle of distilled spirits in Montana . . .



750 ml. bottle, 80 proof

# State and Local Revenues from Alcohol Beverages [Millions of Dollars]



# 1980 State and Local Revenues From Alcohol Beverages Significant

[Montana]

\$24.6 Million

State Health  
Programs

\$21.9 Million

Alcohol  
Beverage  
Revenue

OR  
Twice

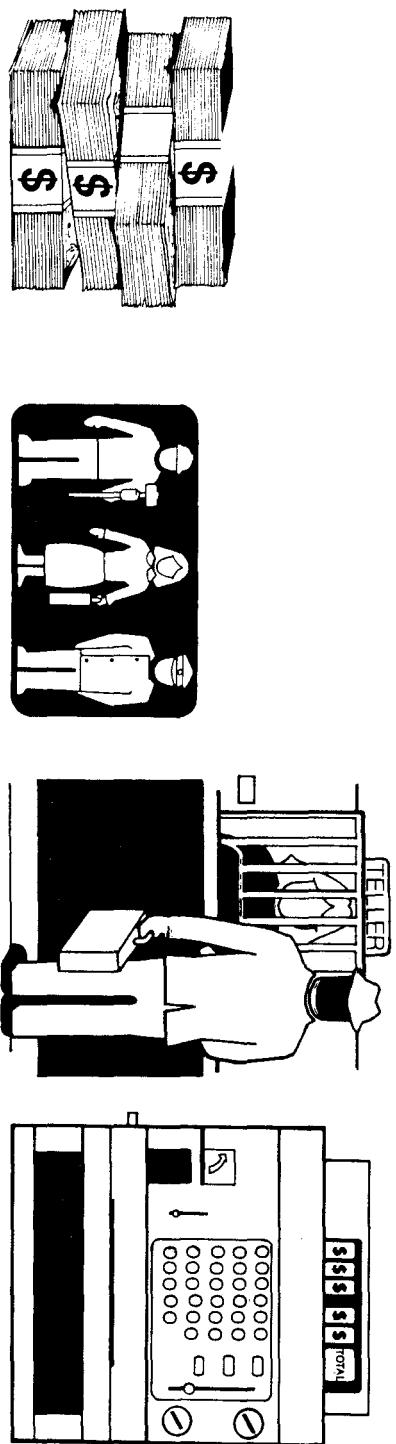
\$10.9 Million

State Police  
Costs

**PAYS  
FOR  
89% of  
all**

# Alcohol Beverage Industry Contributions:

[To Montana]



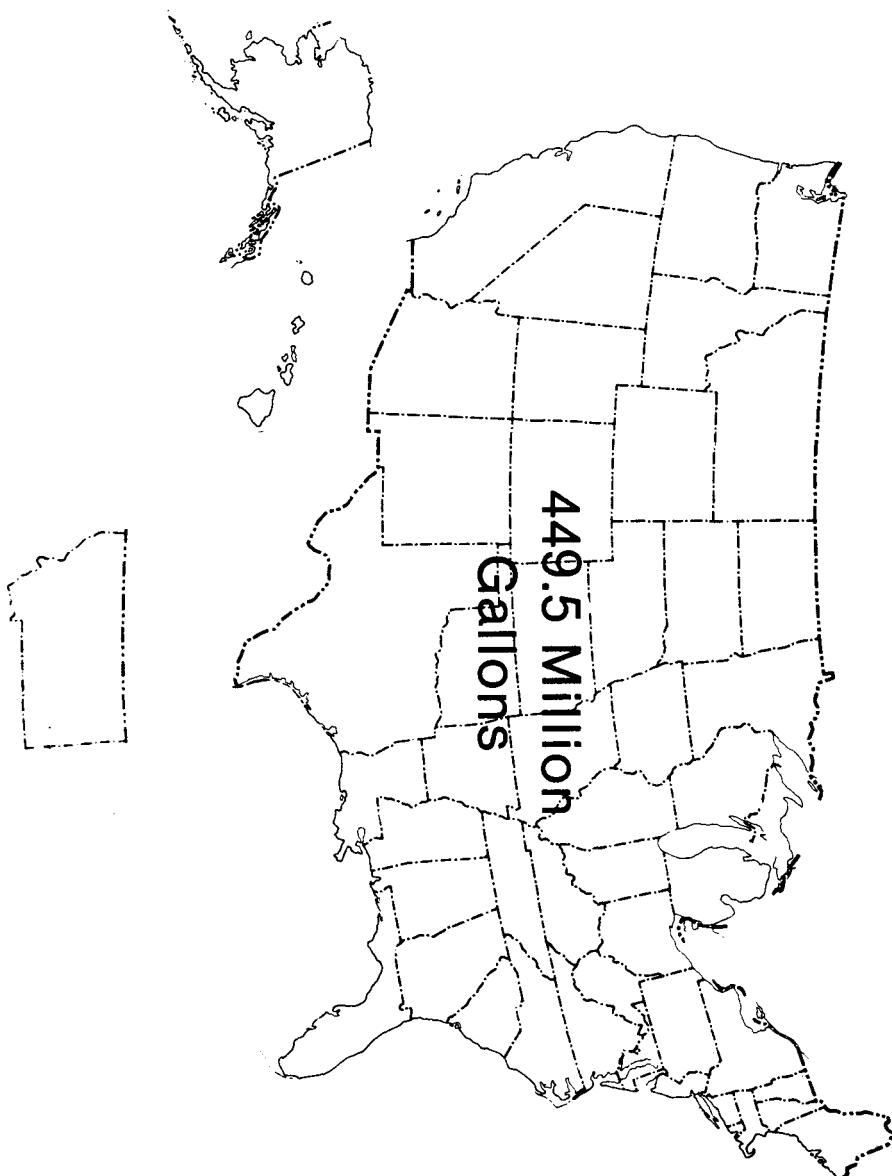
1980	Revenues to State & Local Governments	\$21.9 Million
1980	Jobs	5,179
1980	Payrolls & Profits	\$67 Million
1980	Retail Sales	\$299.2 Million

# Distilled Spirits Consumption

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1981 Total in the USA

449.5 Million  
Gallons

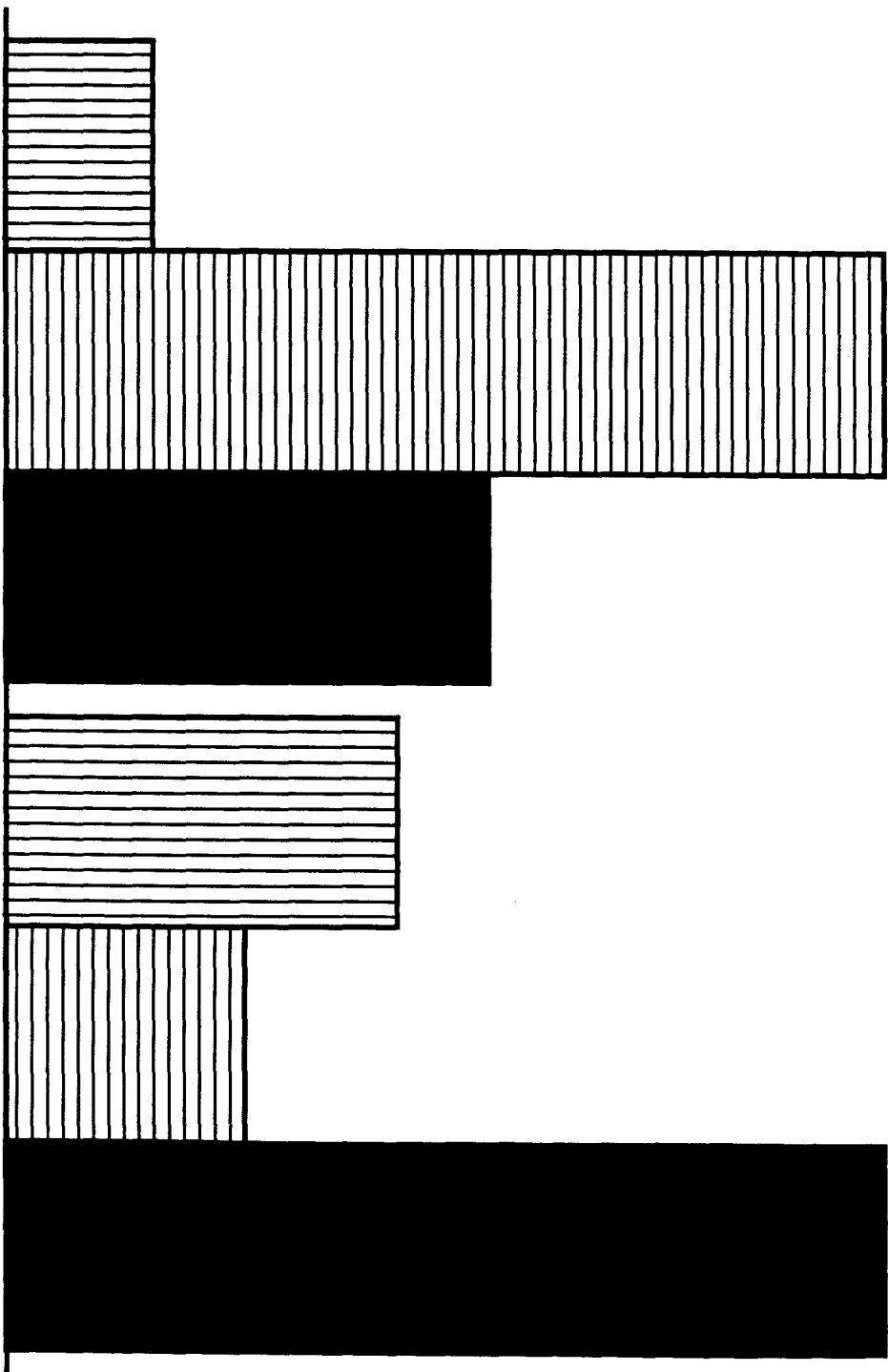


1981 Total in Montana  
1.58 Million Gallons

**In Montana, 31.5% of pure alcohol consumed in spirits  
Yet distilled spirits paid 57.7% of state and local revenues  
from alcohol beverages in 1980**

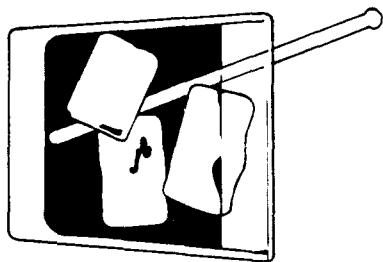
## Pure Alcohol Consumption by Product

## State and Local Tax Collections by Product



## Inequity of Alcohol Beverage Tax

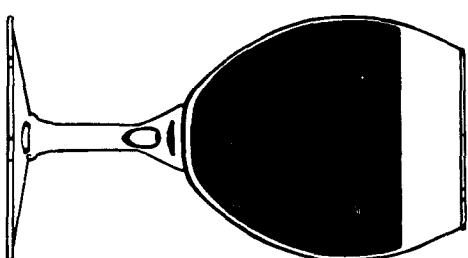
## [Montana]



11



11



11

Same  
Amount  
of  
Pure  
Alcohol

1.5 oz. spirits or 0.6 oz. alcohol	12 oz. beer or 0.6 oz. alcohol	5 oz. table wine or 0.6 oz. alcohol
<b>Revenue from one cocktail</b>	<b>= revenue from one can of beer</b>	<b>= revenue from one glass of table wine</b>

Key Points

- o Taxes (including net profit of state stores) account for 56.5% of the typical retail bottle price of spirits in Montana; state and local taxes alone comprise 32.1% of the total price.
- o In 1982, the Montana Department of Revenue did not implement an 8% increase in the tax on spirits previously deemed necessary to meet budget requirements. The decision acknowledged that a tax increase would not raise the revenue needed because of present economic conditions and the negative effect of higher prices on sales.
- o The alcohol beverage industry provided \$22 million to the Montana treasury (excluding local taxes) in 1980, 57.9% from spirits alone.
- o Beverage alcohol accounted for 4.9% of total 1980 state tax revenue.
- o The full-time equivalent of 5,179 persons were employed by Montana's beverage alcohol industry in 1980.
- o The beverage alcohol industry contributes \$67 million in payroll & profits, and \$299 million in retail sales to the Montana economy.
- o Although beer sales are over 16 times larger than spirits sales, spirits generate 3.4 times more revenue than beer.
- o The Federal government has granted licenses for 94 small fuel-alcohol plants in Montana; each is capable of producing up to 10,000 proof gallons annually. The potential exists that the alcohol might be diverted to produce illegal, non-taxed spirits.

CONTRIBUTION TO MONTANA TAX REVENUES

Year	Excise Tax Revenues (\$000)		As % of All Excises		Sales Tax, Profit & License Fees (\$000)		Total Tax Revenue from (\$000)		As % of Total Tax Revenues	
	All Bev. Spirits	All Bev. Alcohol	All Bev. Spirits	All Bev. Alcohol	All Bev. Spirits	All Bev. Alcohol	All Bev. Spirits	All Bev. Alcohol	All Bev. Spirits	All Bev. Alcohol
1977	7,434	10,706	9.2%	13.3%	7,047	8,450	14,481	19,156	4.4%	5.9%
1978	9,402	13,585	10.7	15.4	7,234	8,669	16,636	22,254	4.8	6.4
1979	8,225	14,564	8.2	14.5	5,430	7,684	13,654	22,248	3.3	5.4
1980	7,063	14,207	7.4	14.9	5,484	7,464	12,547	21,671	2.8	4.9

ALL BEVERAGE ALCOHOL CONTRIBUTION TO MONTANA ECONOMY

Year	Licenses Issued*	Employment**	Payroll** & Profits (\$000)	Retail Sales (\$000)
1972	2,239	3,662	26,106	142,906
1977	2,414	4,332	42,135	232,709
1978E	2,472	4,388	46,141	249,162
1979E	2,559	4,884	56,166	304,444
OE	2,559	5,179	66,976	299,229

\*Approximates number of establishments. Due to duplication, number of establishments may be less than number of licenses issued. Includes manufacturing, wholesale and retail.

\*\*Includes full-time equivalent employees and payroll at retail.

Sources: Available upon request. E - Estimated.

REASONS FOR OPPOSING AN INCREASE IN THE MONTANA CIGARETTE TAX RATE

1. The Montana Legislature is considering a proposal to increase the state cigarette tax rate from 12 to 15 cents a pack to fund a building program.
  - For several years the Montana cigarette tax rate has been at about the average rate for all the states. Because of this policy Montana has been able to maintain a reasonable growth rate in this source of revenue.
  - Without increasing the cigarette tax rate since 1971, net revenue to the state of Montana from this tax source has climbed from \$10,068,000 in 1972 to \$11,300,000 in 1982. Over this period of time actual revenue to the state from the cigarette tax has increased by over 12 percent.
  - At the same time, tax-paid cigarette sales in Montana have increased from 86.5 million packs in 1972 to 97.1 million packs in 1982...an increase of over 12 percent.
  - By leaving the cigarette tax in the average range of taxes for all states, Montana has enjoyed good growth in tax-paid cigarette sales and increasing revenue from this source of taxation.
2. A tax increase in Montana may lead to depressed tax-paid sales, a drop in cigarette per capita consumption, and an erosion of the tax base.
  - It would generally be expected that a tax increase would interrupt the growth trends exhibited by the cigarette tax in Montana.
  - Additionally, a tax increase at this particular time may have even worse results than would normally be anticipated because of the doubling of the federal cigarette tax which went into effect on January 1, 1983.
  - The federal tax increase of eight cents a pack is expected to produce declines in sales nationally and in some states these decreases in tax-paid sales and cigarette consumption will probably be substantial. In combination with an increase in the state tax rate losses may be much higher than expected in a particular state.
  - These declines from tax increases are further hampered by the general condition of the economy. Tax-paid sales for the nation for the fiscal year ending June 30, 1982 were down slightly and there has been little improvement over the first five months for which data is available in the current fiscal year. For the first five months of the current fiscal year, tax-paid cigarette sales in Montana are already down 5.5 percent from the same five months last year.

- If the Montana Legislature should increase the cigarette tax in the state, it will be compounding the problems associated with an increase in a state cigarette tax because of the increased federal cigarette tax and the condition of the nation's economy.
- 3. The Montana cigarette tax structure already causes the 201,900 smokers in the state to shoulder a disproportionate share of state taxes for which they receive no special benefits.
  - While all state residents receive the benefits of cigarette taxes, cigarette tax revenue is produced by approximately 35 percent of the adult population.
  - This 35 percent of the adult population of Montana is already paying more than its fair share of the cost of state government.
  - The state's current cigarette tax already generates 2.8 percent of the state's total tax revenue.
  - Over 25 percent of what Montana smokers pay for a pack of cigarettes goes to the federal and state governments in the form of cigarette excise taxes.
  - In fiscal year ending June 30, 1982, Montana gross cigarette tax revenue amounted to \$11,649,438 or \$31,916 daily.
  - Montana smokers also paid over \$7.7 million in federal cigarette excises in fiscal year 1982. This figure will nearly double in fiscal year 1983 due to the increased federal excise tax.
  - Thus, smokers in Montana paid out more than \$19.3 million in taxes for the pleasure of smoking in fiscal year 1982.
- 4. Additional increases in the state cigarette tax rate will adversely affect other state tax revenues.
  - Cigarettes are traffic-builders for the state's 1,153 retail establishments which sell tobacco products. When people stop buying cigarettes the tax revenue derived from the sales and profits of other products suffer as in-store traffic declines.
  - For example, in convenience stores cigarettes are the number one product sold excluding gasoline sales and tobacco products make up 16.6 percent of convenience stores' gross profit dollars according to the June 15, 1982 issue of Convenience Store News.
  - Montana has six primary tobacco wholesalers and two other grocery, drug and miscellaneous wholesalers who handle tobacco products.

- The 97.1 million tax-paid packs of cigarettes sold in Montana last year had retail value of approximately \$63.8 million.
- 5. The Montana cigarette tax is already a regressive and inequitable tax.
  - The cigarette tax discriminates against the 201,900 residents of the state who smoke, but the tax falls most heavily on those least able to pay.
  - Since the percentage of income devoted to buying cigarettes falls as income rises, Montana cigarette taxes are already levied at higher effective rates on the poor than on the more affluent.
  - An increase in the current tax rate will only add to the tax burden on the lower income groups and contribute further to the overall regressivity of the Montana tax structure.
  - A family at the below poverty level of \$8,000 a year with two pack-a-day smokers pays over four times as much of its income in cigarette taxes for the pleasure of smoking than does the more affluent family making \$35,000 a year.
  - Almost 21 percent of Montana's families have an average buying income of less than \$8,000 a year. It is these families who will suffer the most from an increase in the cigarette tax rate.
  - For those elderly Montana citizens living on a fixed income during these days of economic unrest, any increase in the Montana cigarette tax rate may take away this last affordable pleasure.
  - For a family with two pack-a-day smokers, the following chart illustrates the tax burden of cigarette taxes as they fall on different income groups in Montana at the current tax rate and at the proposed rate.

<u>Income</u>	<u>Percent of Income Paid in Cigarette Taxes (at current rate)</u>	<u>Percent of Income Paid in Cigarette Taxes (at proposed rate)</u>
\$ 3,000	6.8%	7.5%
5,000	4.1	4.5
8,000	2.6	2.8
10,000	2.0	2.3
15,000	1.4	1.5
25,000	0.8	0.9
35,000	0.6	0.6

Average household effective buying income in Montana is \$21,173 a year. Under the current tax rate the average household with two pack-a-day smokers is required to pay \$204.40 in taxes a year on cigarettes for the pleasure of smoking.

#### 6. Montana and Surrounding States Tax Data, 1982

<u>State</u>	<u>Cigarette Tax Rate</u> ( \$/pk. )	<u>Difference With Montana</u> ( \$/pk. )	<u>Tax-Paid Per Capita</u> (in packs)	<u>Difference With Montana</u> (in packs)
Wyoming	8¢	- 4.0¢	157.7	+ 35.3
Idaho	9.1	- 2.9	111.5*	- 10.9
North Dakota	12	----	126.8	+ 4.4
South Dakota	15	+ 3.0	113.0	- 9.4
Montana	12	----	122.4	----

\*Abnormally low per capita in Idaho reflects the influence of the Mormon Church as well as other factors such as higher tax rates.

- Montana's cigarette tax rate is already higher than two of its neighboring states (Idaho and Wyoming) and equal to one neighbor (North Dakota) and three cents less than its other border state (South Dakota).
- Tax differentials, which mean price differentials, can induce residents of one state, particularly in border areas, to cross state lines to purchase cigarettes. When otherwise honest citizens engage in casual bootlegging, it deprives the state of cigarette tax revenue and hurts the legitimate businessmen of the state.
- Any increase in the tax in Montana will further widen the price differentials with Idaho and Wyoming, eliminate the status quo effect with North Dakota and may eliminate the advantage over South Dakota.

7. A higher state cigarette tax rate may lead to an increase in illegal sales.

- In addition to casual bootlegging across state borders, an increase in the tax may result in more problems with illegal sales of cigarettes from Indian reservations and military installations where cigarettes are exempt from the state tax.

- A number of western states are experiencing heavy tax losses when state residents buy cigarettes illegally from Indian smokeshops and at military exchanges such as Montana's Malmstrom Air Force Base.
- The Advisory Commission on Intergovernmental Relations study on bootlegging done in 1975 and with revisions made by the Federal Bureau of Alcohol, Tobacco and Firearms in 1979, estimated that Montana is already losing \$100,000 a year due to tax evasion in the state.

#### 8. Summary

- An increase in the Montana cigarette tax rate would have several adverse effects.
  - It would probably interrupt the good growth trend in both tax-paid cigarette sales and revenue from this source in Montana.
  - It would increase the unfair, regressive tax burden the smoker now bears...especially those in the lower income groups.
  - It would penalize further the smokers in Montana who are already providing 2.8 percent of total state revenue for which they receive no special benefits or consideration.
  - It would hurt the retailers and wholesalers in the state who depend on the legal sale of cigarettes for some or all of their livelihood.
  - It would probably lead to a decline in tax-paid cigarette sales and a drop in per capita consumption in the state.

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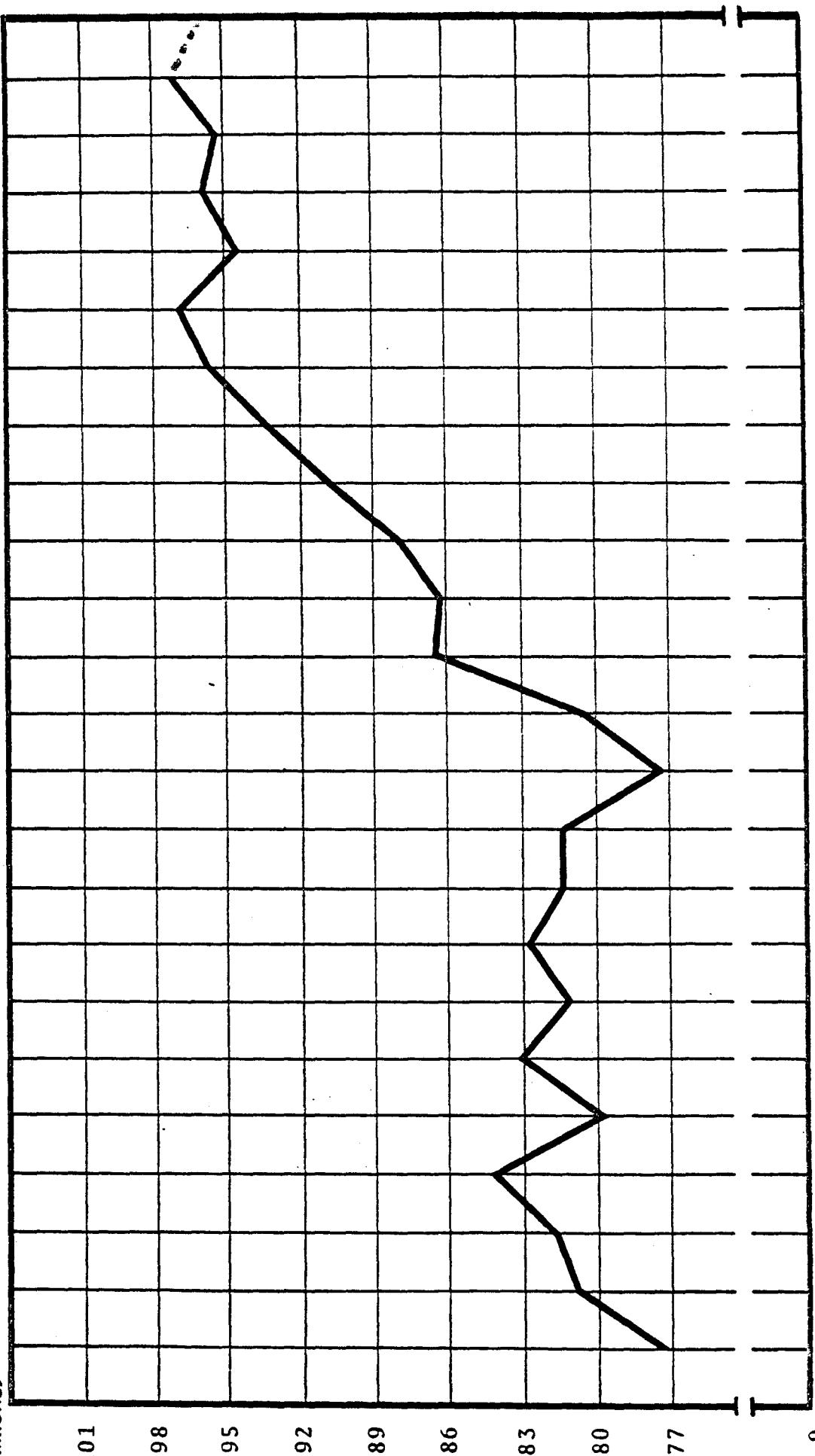
FEB - 7 1983

**TAX-PAID CIGARETTE SALES**

**MONTANA**

**(MILLIONS OF PACKS)**

**SALES**  
(in millions)



0 60 62 64 66 68 70 72 74 76 78 80 82

Montana

Florida

Illinois

North Carolina

No. Tobacco Inc.

MONTANA

HISTORICAL CIGARETTE TAX DATA FOR THE STATE OF MONTANA SINCE 1950  
FIRST CIGARETTE TAX ENACTED IN 1947

Year	Rate (cents)	Date changed	Gross state cigarette taxes (in thousands of dollars)	Net state cigarette tax collections (in thousands of dollars)	State tax-paid cigarette sales (millions of packs)	Per capita sales (packs)	Average retail price	State & Federal cigarette taxes as a percentage of retail price
1950	2	12/7/50	1,490	1,341	74.5	133.5	NA	NA
1951	4		2,168	2,029	69.9	117.5	NA	NA
1952	4		2,910	2,765	72.8	123.6	NA	NA
1953	4		3,077	2,923	76.9	129.7	NA	NA
1954	4		2,938	2,791	73.4	121.1	NA	NA
1955	4		2,907	2,762	72.7	118.6	22.7	52.9
1956	4		2,089	2,933	77.2	123.9	24.2	49.59
1957	5	2/25/57	3,286	3,132	77.1	119.3	23.7	50.63
1958	8	7/1/57	5,410	5,190	66.6	100.6	30.1	53.16
1959	8		6,036	5,735	75.5	113.7	30.2	52.98
1960	8		6,149	5,900	77.2	115.7	30.7	52.12
1961	8		6,462	6,139	80.8	119.1	30.2	53.0
1962	8		6,535	6,208	81.7	119.8	30.7	52.1
1963	8		6,742	6,405	84.3	118.9	30.5	52.5
1964	8		6,378	6,059	79.7	112.8	30.8	51.9
1965	8		6,654	6,321	83.2	118.0	31.0	51.6
1966	8		6,488	6,164	81.1	114.9	30.9	51.8
1967	8		6,623	6,292	82.8	118.0	31.3	51.1
1968	8		6,514	6,188	81.4	116.1	32.4	49.4
1969	8		6,511	6,186	81.4	117.4	32.6	49.1
1970	8		6,167	5,856	77.2	111.2	34.0	47.1
1971	12	3/5/71	6,996	6,679	80.6	115.6	34.7	46.1
1972	12		10,379	10,068	86.5	122.2	40.1	49.9
1973	12		10,344	10,033	86.2	119.9	40.9	48.9
1974	12		10,549	10,233	87.9	121.9	41.8	47.9
1975	12		10,908	10,581	90.9	123.7	43.7	45.8
1976	12		11,204	10,868	93.4	124.9	45.3	44.2
1977	12		11,479	11,135	95.7	127.0	47.6	42.0
1978	12		11,618	11,270	96.8	127.2	51.9	38.5
1979	12		11,337	10,996	94.5	120.3	53.7	37.2
1980	12		11,504	11,159	95.9	122.0	56.7	35.3
1981	12		11,436	11,093	95.3	121.1	60.4	33.1
1982	12		11,649	11,300	97.1	122.4	65.7	30.4

Note: All figures are for fiscal year ending June 30th. The notation NA means not available.

HB511 would put state-tax paying businesses and business people at a disadvantage with those in Idaho, North Dakota and Wyoming. HB511 would impose a \$1.50 carton tax on cigarettes, compared to 91 cents in Idaho, \$1.20 in North Dakota and 80 cents in Wyoming. This would mean a loss of sales for Montanans to Wyoming and Idaho wholesale distributors. An outstanding market loss would occur in Yellowstone Park, but losses also would occur among tourists crossing borders of these states. Every such carton sale lost to a Montana business would mean a loss of \$1.50 to the state of Montana, plus related business and personal income losses.

The state of Montana has lost millions of dollars in cigarette taxes to Indians, who don't pay the state cigarette tax on their sales. They now can sell a carton of cigarettes at \$1.20 less than state taxpaying retailers. Enactment of HB511 would make it more attractive to consumers to purchase cigarettes from the Indians. HB511 would be an inducement for more Indians to establish more Indian smoke shops with HB511's greater price spread between products of state tax-paying Montana businesses. One Indian cigarette sales center is little more than the length of two football fields from a state tax-paying wholesale warehouse in the governor's hometown. Others are strategically open on major highways

Since the Indians began selling cigarettes in 1972, the Indians have been winning the battle of cigarette sales. Montana revenue department figures show how much the Indians have been gaining in cigarette sales every year---with Indians selling 11 billion, 520 million cigarettes without state sales tax. We find the total state sales taxes lost through 1982 to be nearly 7 million dollars.

Without calculating the year to year gain, but using the 1982 Indian sales as a base, if HB511 is enacted, the loss of sales taxes to the state in the ensuing 10 years would be 20 million dollars' or more.

Passage of HB511 would induce further losses to the state: Montana has two Veterans' Administration hospitals whose concessionnaires do a considerable business including sales of cigarettes without state sales tax. They claim to sell only to patients, and to VA employees. However, it has been determined that a visitor can buy taxless cigarettes at the VA. Employees can buy a pack on arriving at work, on the morning coffee break, fore and aft of lunch, at the afternoon coffee break, and when leaving a work shift. Excess purchases for others in the family, for neighbors, or friends. Once members of a House revenue committee tested VA concession "limits" and left after several purchases of cigarettes without the state tax.

Passage of HB511 would result in further shifts of purchases of state taxed cigarettes to cigarettes without state taxes in Helena and Miles City, with more economic damage to the state tax-paying wholesale and retail outlets in these areas.

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NOTE: Department of Revenue figures available on request.

Montana House Bill 511 should not be enacted for many reasons. Ten of these reasons why HB511 should be killed are summarized here, with supporting detail in the following pages:

1. The federal cigarette sales tax was increased 100 per cent January 1, 1983 and in HB511 Governor Ted Schwinden proposes to increase the state sales tax 25 per cent. Consumers under burden of economic hard times already pay more than their share to support government spending. They should not be asked to pay more. If HB511 is enacted, the total federal-state sales tax would be \$3.10 a carton of cigarettes. No product with such basic low cost bears such a high tax.
2. The additional sales tax is asked as a basis for longrange financing of the governor's proposed \$64 million plus state buildings program. Many legislators and their constituents believe that no more state buildings are needed for hiring more state employees. Many believe the state's building spree is out of control. Ask how many square feet of state offices there are.
3. Each new state building calls for even more tax dollars out of the general fund, year after year--dollars not covered in the construction costs. When state buildings are evaluated, 14 per cent more than the building value is in its furnishings and equipment. Each property parcel the state buys removes it from the local tax base, and taxpayers are asked for greater taxes.
4. The administration, in HB511, is asking a higher tax rate for longrange financing than would be needed, given constant sales momentum for the long years of deficit spending and repayment schedule. Ask why.
5. It is no longer good business management to base financing over many years on sales of a single product. Experts predict declining populations in Montana major cities. Statistics show decreasing per capita consumption of the collateral product and use. Cigarettes do not pay taxes. People do.
6. Many legislators concede more state men's prison facilities are needed but they believe this responsibility should be shared by all taxpayers; not imposed upon a minority.  
Studies indicate enactment of HB511 would result in loss of state revenue:
7. Example: Loss of a total of \$20 million in 10 years on Indian reservation sales is projected based on state figures.
8. Example: Loss would occur on sales to tourists who would buy in adjacent states with lower tax.
9. Example: Loss would occur on greater "butt-legger" buying at VA hospitals, with more buying for families, friends and neighbors.
10. As a law HB511 would impose an additional burden on the tax prepayment-tax precollection system imposed upon Montana small wholesalers, already receiving inadequate compensation.

Government is a "partner" in the cigarette business.

In HB511 the state of Montana is asking for a 25 per cent increase in the state sales tax on cigarettes. This request was prefiled in the legislative council within hours after the federal government had increased federal cigarette taxes 100 per cent, effective January 1, 1983.

If HB511 is enacted the total sales tax on cigarettes would be \$3.10 a carton. The Montana department of revenue uses the carton as the formula base for calculating component costs, which include the state-federal sales taxes. The Montana Supreme Court's prevailing decision on cigarette sales uses the carton as the basis of its references. More cigarettes are sold by the carton.

The federal sales tax is \$1.60 a carton and if HB511 is enacted the state sales tax would be \$1.50 a carton -- a total of \$3.10 for government on the sale of every carton.

Thus, government is a partner which receives more revenue on the sale of every carton of cigarettes than the tobacco farmer, the manufacturer, the wholesale distributor or the retailer.

If the manufacturer invoices a carton of cigarettes at \$3.78 --current for regulars, kings and filters -- this is a gross figure, from which must be deducted the price paid to the tobacco grower, for labor and a host of other operating expenses--including many, many various taxes. After deductions, the manufacturer's net return on a carton of cigarettes is only a fraction of the \$3.78 billed to the wholesale house in Montana.

On each carton sold, a Montana wholesaler grosses 36 cents, from which must be deducted all costs of operations, including a number of taxes beside the state-federal sales taxes, leaving the net return at about one per cent of the current sales amount to the retailer, or 7 cents a carton.

The retailer's gross return is 70 cents on the same cost carton, which at a one per cent return is about 7 cents, depending upon the efficiency of operation.

#### THE POINT IS CLEAR:

THE GOVERNMENT "PARTNER" RETURN AT \$3.10 A CARTON, OR THE STATE "PARTNER'S" CURRENT \$1.20 OR PROPOSED \$1.50 CLEARLY IS FAR MORE THAN A FAIR RETURN, RELATIVE TO ANY PRODUCER OR CONTRIBUTOR TO THE SALES OR PRODUCTION OF THE PRODUCT.

OPPONENTS OF HB511 BELIEVE THE GOVERNMENT IS MILKING THIS "CASH COW" DRY!

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Sources include: Statistics from the Department of Revenue;  
"The Tax Burden on Tobacco," Vol. 17, 1982

It has been pointed out that the amount of revenue estimates made public which HB511 would be intended to produce appears greater than the actual need. The callous answer was to the effect, "We know, but we expect there will be a loss in cigarette sales due to the 100 per cent federal tax increase January 1, 1983."

Sales tax increases on cigarettes have resulted in reduction of sales. A department of revenue executive predicted in September 1982 that Montana sales tax revenues would drop as a result of the 100 per cent federal increase to \$1.60 a carton.

Per capita consumption of cigarettes has been charted since 1900, and per capita consumption has been on the downswing in recent years. Growth in cigarette sales taxes has been going up rapidly. In 1950, Montana per capita sales of cigarettes was 133 packs. The state tax was increased by 2 cents and per capita sales dropped 12 per cent in 1951. By 1957 per person average sales moved up slightly to 119 packs, and the state again increased the tax--first by one cent, and in 1957 another 3 cents. Per capita consumption dropped to 100 packs for the year 1958. After some increase, in 1979, a dropping trend developed--from 127 packs to 120, 122 and 121 in '79, '80 and '81. Latest statistics indicate a further decline in Montana cigarette smoking--by 2.55 per cent for the latest year ended June 1982, and 9.55 per cent for July-August 1982, from a comparable 1981 period.

An important reservation must be kept in mind in understanding these figures. The figures reflect only state-taxed cigarettes. The figures do not include the rise in cigarette sales without state tax by Indians, and these sales are rising as buyers watch their overall expenses more closely in these recession years.

Increasing activities of anti-smoking groups and legislation affecting smoking in public places have influenced downward trends in per capita consumption of cigarettes.

Current population trends stress the probability of population declines in Montana's larger cities. This report states that Great Falls will incur the greatest drop in population.

Cigarettes do not pay taxes. People do.

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NOTE:

We respectfully ask permission to submit additional material on other issues which proponents or committee questioning may develop after the foregoing presentation. Thank you.

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The governor has stated that an increase in state sales taxes on cigarettes is needed to fund some 60 millions of dollars in more state buildings. Many legislators do not agree. Many legislators concede additional prison facilities are needed but they believe additional sales taxes are not needed.

Just a generation ago, the governor at that time worried whether 4,000 state employees were too many. Today Montana is a dispersed community of 750,000 people, with slight change over the years. In 1964 the state had about 8,000 fulltime employees. By 1982 the numbers of employees exploded by 80 per cent, to 14,266. Yet Montana's population growth has been in single digit figures most years. Construction of state buildings, funded by cigarette smokers, has mushroomed.

In 1971, the valuation of state buildings was 150 million dollars. These building's housed 11,250 state employees. Today there are 3,000 more state employees. More state buildings were built to house state employees, until by 1982 Montana had more than 553 million dollars worth of buildings. For 1983 this figure will escalate to nearer 600 million dollars. There have been more buildings constructed which are not in the 1982 figures. For example, the Capitol has 200,000 square feet of space. Much Capitol space has been cleared, except for temporary legislative use, with the moving out of some state employees to the 100,732 square feet of space in the new Justice Building--so new its space is not in the 1982 building values. And there are others too new to be in the 1983 totals.

Just how much square footage of space there is for state employees is not known immediately. A research of the trend over the years of mushrooming square footage should be a primary basis of good legislative planning before committing to more than 60 million dollars of more construction

The cost of constructing a state building is not the whole tax drain on all citizens. After smokers pay cigarette sales taxes to fund the construction, all taxpayers still must pay.

Pay for all the furnishings and equipment that goes into new buildings. Such costs run 14 per cent as an arbitrary value of the value of the building, and these must be conservative. With every new space to be filled, the expense to taxpayers grows year after year.

Pay to "cover" all of the real property taken off local entities' tax rolls, losses in revenue bases grow.

HB511 should be killed as evidence the legislature is controlling planning.

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NOTE: Sources include:

1976 Governor's Budget and Planning Program, The Growth of Montana State Government; 1984-1985 Executive Budget by Gov. Ted Schwinden.

HB511 would put state-tax paying businesses and business people at a disadvantage with those in Idaho, North Dakota and Wyoming. HB511 would impose a \$1.50 carton tax on cigarettes, compared to 91 cents in Idaho, \$1.20 in North Dakota and 80 cents in Wyoming. This would mean a loss of sales for Montanans to Wyoming and Idaho wholesale distributors. An outstanding market loss would occur in Yellowstone Park, but losses also would occur among tourists crossing borders of these states. Every such carton sale lost to a Montana business would mean a loss of \$1.50 to the state of Montana, plus related business and personal income losses.

The state of Montana has lost millions of dollars in cigarette taxes to Indians, who don't pay the state cigarette tax on their sales. They now can sell a carton of cigarettes at \$1.20 less than state taxpaying retailers. Enactment of HB511 would make it more attractive to consumers to purchase cigarettes from the Indians. HB511 would be an inducement for more Indians to establish more Indian smoke shops with HB511's greater price spread between products of state tax-paying Montana businesses. One Indian cigarette sales center is little more than the length of two football fields from a state tax-paying wholesale warehouse in the governor's hometown. Others are strategically open on major highways

Since the Indians began selling cigarettes in 1972, the Indians have been winning the battle of cigarette sales. Montana revenue department figures show how much the Indians have been gaining in cigarette sales every year---with Indians selling 11 billion, 520 million cigarettes without state sales tax. We find the total state sales taxes lost through 1982 to be nearly 7 million dollars.

Without calculating the year to year gain, but using the 1982 Indian sales as a base, if HB511 is enacted, the loss of sales taxes to the state in the ensuing 10 years would be 20 million dollars' or more.

Passage of HB511 would induce further losses to the state: Montana has two Veterans' Administration hospitals whose concessionnaires do a considerable business including sales of cigarettes without state sales tax. They claim to sell only to patients, and to VA employees. However, it has been determined that a visitor can buy taxless cigarettes at the VA. Employees can buy a pack on arriving at work, on the morning coffee break, fore and aft of lunch, at the afternoon coffee break, and when leaving a work shift. Excess purchases for others in the family, for neighbors, or friends. Once members of a House revenue committee tested VA concession "limits" and left after several purchases of cigarettes without the state tax.

Passage of HB511 would result in further shifts of purchases of state taxed cigarettes to cigarettes without state taxes in Helena and Miles City, with more economic damage to the state tax-paying wholesale and retail outlets in these areas.

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NOTE: Department of Revenue figures available on request.

WITNESS STATEMENT

Name Bob Brown Committee On Tax  
Address \_\_\_\_\_ Date \_\_\_\_\_  
Representing S. D. 10 Support X  
Bill No. S. B. 73 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name John Judson Committee On \_\_\_\_\_  
Address Billerica Date 3/3/83  
Representing Trace Nat. Support \_\_\_\_\_  
Bill No. 511 Oppose ✓  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name W.H. Ottawod  
Address 1014028 Creekells  
Representing Creekells Airport  
Bill No. HB 5114 amendment

Committee On Transport  
Date 3 May 83  
Support yes  
Oppose   
Amend yes 144

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

## VISITOR'S REGISTER

HOUSE TAXATION COMMITTEE

BILL SB 73 SB 73

DATE 3-3-83

SPONSOR Senator Brown

NAME	RESIDENCE	REPRESENTING	SUP-	POSE
Ken Marusci		Dept. of Revenue	-	

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

HOUSE 5B /10 TAXATION COMMITTEE

**BILL**            **SB 110**

DATE 3-3-83

SPONSOR Senator Towe

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

HOUSE TAXATION COMMITTEEBILL 511 HB 511DATE 3-3-83SPONSOR Representative Bardanouye

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Bob Kander	Helena	SELF	X	
Bob Wiles	561 Douglass Helena	Dolf		✓
J.D. Holmes	Helena	MT. ARTS ADVOCACY	X	
Bill Ottewold	Great Falls RR 408	Great Fall Project	X	
Steve Loun	Helena	DRBPP	X	
Mike Ferguson	Helena	Aeronautics - <sup>DEPT OF</sup> Commerce	X	
Jeff Klapke	Helena	Helena Airport	X	
Jeff Klapke	Helena	Tobacco Fund		✓
Chase Willard	Helena	Knapwood Action Committee	X	
Tom Meddax	Helena	Montana Association Tobacco Candy Distributors		X
Mike Pardee	GT Falls	PEW INSTITUTE INC MATS		X
Eric Grossenb	GT Falls	MTH		X
Barry Bullock	Basin	LinchBullock, Bas.		X
Chris Abbott	Basin	" "		X
MARIE DRUL		DISCUS	X	
Dennis Burr	Clancy	MTA-MONTAX		X
Bob Hollister	First fl	MT Pilot Assembly	X	
Bob Brunner	Helena	W.I.F.E. Farm Bureau	X	
Neon Winkler	Helena	Sheehan of Helena		X
Sen. Pat Winkler	St. Falls	Sen. Dist #22	X	
Lee Purdy	Bonner	ASMSU	X	

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

HOUSE 511 TAXATION COMMITTEE  
BILL HB DATE 3/3/83  
SPONSOR Representative Bardanouve

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

## HOUSE

## TAXATION

## COMMITTEE

BILL 511

HB 511

DATE 3-3-83

SPONSOR Representative Bardanoue

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

HOUSE TAXATION COMMITTEE  
BILL HB 858 DATE 3/3/83  
SPONSOR Representative Hand

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## STATE OF MONTANA

266-83

REQUEST NO. \_\_\_\_\_

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 28, 1983, there is hereby submitted a Fiscal Note for House Bill 511 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

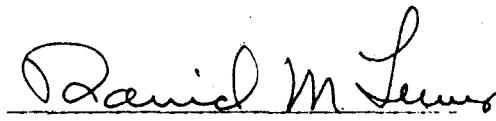
House Bill 511 increases the cigarette sales tax and the liquor excise tax in order to finance long-range building bonds and provides an effective date.

ASSUMPTIONS:

- 1) Liquor and cigarette excise taxes for FY 84 and FY 85 are as projected by the Governor's Office of Budget and Program Planning.

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
<b>Liquor Excise Tax</b>		
Under Current Law	\$ 7,205,000	\$ 7,582,000
Under Proposed Law	<u>8,398,000</u>	<u>8,838,000</u>
Estimated Increase	<u>\$ 1,193,000</u>	<u>\$ 1,256,000</u>
<b>Cigarette Excise Tax</b>		
Under Current Law	\$ 11,313,000	\$ 11,353,000
Under Proposed Law	<u>14,141,000</u>	<u>14,191,000</u>
Estimated Increase	<u>\$ 2,828,000</u>	<u>\$ 2,838,000</u>
<b>TOTAL REVENUE</b>		
Under Current Law	\$ 18,518,000	\$ 18,935,000
Under Proposed Law	<u>22,539,000</u>	<u>23,029,000</u>
Estimated Increase	<u>\$ 4,021,000</u>	<u>\$ 4,094,000</u>
<b>General Fund</b>		
Under Current Law	\$ 7,205,000	\$ 7,582,000
Under Proposed Law	<u>7,222,000</u>	<u>7,601,000</u>
Estimated Increase	<u>\$ 17,000</u>	<u>\$ 19,000</u>

Continued


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-1-83

-2-

Sinking Fund

Under Current Law	\$ 8,258,000	\$ 8,288,000
Under Proposed Law	<u>12,262,000</u>	<u>12,363,000</u>
Estimated Increase	<u>\$ 4,004,000</u>	<u>\$ 4,075,000</u>

Bond Proceeds and Insurance  
Clearance Fund

Under Current Law	\$ 3,055,000	\$ 3,065,000
Under Proposed Law	<u>3,055,000</u>	<u>3,065,000</u>
Estimated Increase	<u>\$ -0-</u>	<u>\$ -0-</u>

FISCAL NOTE 9:AA/2

118511

# STANDING COMMITTEE REPORT

March 12, 1983

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 511

First reading copy (White)  
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE CIGARETTE SALES TAX AND THE LIQUOR EXCISE TAX IN ORDER TO FINANCE LONG-RANGE BUILDING BONDS; AMENDING SECTIONS 16-1-401, 16-11-111, 16-11-119, AND 17-5-408, MCA; AND PROVIDING AN EFFECTIVE DATE."

Respectfully report as follows: That HOUSE Bill No. 511

DOCPASSX DO NOT PASS

STATE PUB. CO.  
Helena, Mont.

DAN YARDLEY,

Chairman.

COMMITTEE SECRETARY

## **STANDING COMMITTEE REPORT**

Page 1 of 2

March 22,

19 83

**MB SPEAKER:**

We, your committee on ..... **TAXATION** 1933

## **TAXATION**

having had under consideration .....

**HOUSE** Bill No. **858**

First reading copy ( White )  
Color

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE DISCOUNT ALLOWED FOR AFFIXING TAX INSIGNIA TO CIGARETTE PACKAGES; CORRECTING A PRIOR LEGISLATIVE OVERSIGHT; AMENDING SECTIONS 16-11-114 AND 16-11-115, MCA."

Respectfully report as follows: That..... **be amended as follows:** **HOUSE** Bill No. 858

HOUSE Bill No. 853

1. Title, line 4.

Following: "ACT"

Strike: "INCREASING"

Insert: "PROVIDING A GRADUATED SCALE FOR"

2. Page 1, line 13.

Following: "39"

Strike: "73"

Insert: "the following percentage"

3. Page 1, line 16.

Following: "Montana"

Insert: " (1) 6¢ for the first 2580 cartons or portion thereof purchased in any calendar month;

(2) 4¢ for the next 2580 cartons or portion thereof purchased in any calendar month; and

(3) 3¢ for purchases in excess of 3160 cartons in any calendar month"

**EXKASS**

March 22,

19 83

4. Page 2, line 12.  
Following: "defrayment"  
Strike: "of"  
Following: "34"  
Strike: "74"

AND AS AMENDED  
DO PASS

# STANDING COMMITTEE REPORT

March 4, 1983

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration SENATE Bill No. 73

Third reading copy (Blue) color

**A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE INCOME TAX  
WITHHOLDING STATUS OF WAGES PAID TO MEMBERS OF THE RESERVE  
ARMED FORCES; AMENDING SECTIONS 15-30-201 AND 15-30-202, MCA;  
AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."**

Respectfully report as follows: That SENATE Bill No. 73

XX

BE CONCURRED IN

STATE PUB. CO.  
Helena, Mont.

DAN YARDLEY, Chairman

COMMITTEE SECRETARY

# STANDING COMMITTEE REPORT

March 4,

19 83

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration ..... SENATE..... Bill No. 110.....

Third reading copy ( blue )  
color

**A BILL FOR AN ACT ENTITLED: "AN ACT TO SPECIFICALLY PROVIDE  
FOR INTEREST TO BE ASSESSED ON THE MINES NET PROCEEDS AND  
GROSS PROCEEDS TAXES."**

Respectfully report as follows: That..... SENATE..... Bill No. 110.....

DOCKED BE CONCURRED IN