

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

April 23, 1985

The seventy-ninth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 1:40 pm in Room 413-415 of the State Capitol.

ROLL CALL: All members of the committee were present except Senators Mazurek and McCallum who were excused.

CONSIDERATION OF HB 826: Senator Eck suggested amendments to allow a hotel, motel, restaurant and tavern tax. She said that would narrow the scope enough to allow the bill to pass. She said that nothing would be exempted, but these things would be specified.

Senator Brown reminded the committee of Mr. Cal Dunbar's testimony saying that they all wanted to work at it together and not exclude anyone. Senator Eck said that the political reality was that if the bill included a general sales tax it would not pass. She said the people of West Yellowstone need the relief and that this type of amendment would get at the travelling consumer.

In response to a question from Senator Goodover, Senator Paul Boylan said that everybody wants to pay and that trinkets, novelty and other tourist purchases are left out of this type of amendment.

Senator Brown suggested that a two-year sunset be put in the bill and that it pass as it came from the House. Senator Eck said that the sunsets on other tax bills had been rejected as poor policy. She cited the oil bills as an example. She said the sunset would have to return to the House for a vote anyway. Senator Towe said the bill should get through even with the amendments.

MOTION: Senator Halligan moved to exclude utilities and gasoline from the general sales tax provisions. He then withdrew the motion.

MOTION: Senator Eck moved that HB 826 be amended per Exhibit 1.

Senator Neuman spoke against the motion saying that if they needed more revenue it should be added into the price of their goods and services.

Senator Brown said that these people have a real problem and they wanted it solved in the bill's original form. Now he said these amendments make the bill discriminatory. He felt, however, that the people from West Yellowstone should not be punished by defeat of the bill.

Senator Lybeck said that he agreed with the Eck amendments.

Senator Halligan inquired about the population limits in the bill and wanted to know if Whitefish would qualify. Senator Lybeck said that Whitefish was not in a comparable situation.

April 23, 1985

Senator Towe noted that the "\$" in front of 2,500 on line 17, page 2 should be stricken.

Senator Severson asked about the definition of "resort town". Senator Towe read that definition from page 2 in the bill. He suggested that page 2, lines 18 and 19 should be amended to insert federal population estimates as there are no official population estimates done by the state of Montana.

Senator Eck amended the motion to include Senator Towe's suggestions regarding the stricken "\$" and the clarification of population estimates.

Question was called and the motion carried unanimously.

MOTION: Senator Eck moved that HB 826 be concurred in as amended.

Senator Neuman said that the bill would encourage development of strips outside of the city limits.

Question was called. Senators Neuman, Severson and Halligan voted no. Other committee members voted yes. The motion carried. Senator Boylan was asked to carry the bill.

CONSIDERATION OF SJR 40: Amendments to the resolution were presented to the committee in Exhibit 2. Mr. Jim Lear, committee staff, said that the amendments would ask for study of individual income tax, corporate license tax, property tax and all alternative sources of revenue including a sales tax.

MOTION: Senator Eck moved that SJR 40 be amended per Exhibit 2.

Senator Brown said that it was ridiculous to imagine that the Revenue Oversight Committee could handle a concept so broad.

Senator Eck countered that taxation needs study, thought and recommendations and that it should be broad based.

Senator Lybeck said that to narrow it would be futile.

Senator Hager said that if sales tax was to be studied then that should be done, but he could not support the amendments.

Senator Towe said that as written the sales tax is a foregone conclusion. He said that amendment number 10 erases that assumption and gives Revenue Oversight flexibility.

Senator Severson said that he was opposed period as the assumption of the resolution and the amendments is that more taxes are necessary. Senator Towe said that if property taxes were to be reduced that is true.

Senator Goodover said that a study resolution of this kind would lead to a proliferation of bills in the next session.

April 23, 1985

Question was called on the motion. Senators Eck, Hirsch, Lybeck, Neuman and Towe voted yes. Senators Brown, Goodover, Hager, Halligan and Severson voted no. The motion failed.

MOTION: Senator Eck then moved that SJR 40 do not pass. The motion carried unanimously.

Chairman Towe adjourned the meeting.

  
\_\_\_\_\_  
Chairman

# ROLL CALL

## SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date April 23, 1985

Location -- Room 413-415

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Name	Present	Absent	Excused
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Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek			✓
Senator McCallum			✓
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe	✓		

Amend HB 826, Third Reading Copy

1. Title, line 6.  
Following: "OF"  
Strike: "GOODS AND"

2. Title, line 7.  
Following: line 6  
Strike: "EXEMPT FROM"  
Insert: "SUBJECT TO"

4. Page 2, lines 7 through 15.  
Following: "Section 1." on line 7  
Strike: "Definitions"  
Insert: "Resort community defined"  
Following: "act]," on line 7  
Strike: remainder of line 7 through "Resort" on line 15  
Insert: "resort"  
Renumber: subsequent subsections

5. Page 3, line 8.  
Following: "--"  
Strike: "exemption from"  
Insert: "services subject to"

6. Page 3, lines 12 through 19.

Following: "of" on line 12

Strike: "all goods and"

Following: "community" on line 13

Strike: remainder of line 13 through end of line 19

Insert: "by the following establishments: (a) hotels, motels, and other lodging or camping facilities;

(b) restaurants, fast food stores, and other food service establishments; and

(c) taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink."

7. Page 6, line 8.

Following: "of"

Strike: "goods and"

Following: "are"

Strike: "exempt from"

Insert: "subject to"

Amend SJR 40, Introduced (white) copy

1. Title, lines 6 and 7.

Following: "STUDY OF"

Strike: "THE CONCEPT OF A RETAIL SALES TAX IN MONTANA"

Insert: "POTENTIAL REFORMS OF INDIVIDUAL INCOME TAX,  
CORPORATION LICENSE TAX, AND PROPERTY TAX LAWS AND ADOPTION  
OF ALTERNATIVE SOURCES OF REVENUE, INCLUDING A GENERAL,  
SELECTIVE, OR LIMITED FORM OF SALES TAX OR OTHER REVENUE  
SOURCES"

2. Page 1, lines 10 and 11.

Strike: lines 10 and 11 in their entirety

3. Page 1, lines 16 and 17.

Following: "to" on line 16

Insert: "reform existing tax laws and"

Following: "identify" on line 16

Strike: "and utilize"

4. Page 1.

Following: line 17

Insert: "WHEREAS, reforming individual income tax,  
corporation license tax, property tax, and other tax laws  
may provide more equitable tax treatment among those  
categories of taxpayers than exists under present law and  
may provide needed tax relief for property taxpayers; and"

5. Page 1, line 18.

Following: "any"

Strike: "such"

Insert: "tax reform or"

6. Page 2.

Following: line 2

Insert: "WHEREAS, a general sales tax of only 1% would  
generate approximately \$4,230,000 annually from nonresident  
tourism alone; and"

7. Page 2, lines 3 and 4.

Strike: lines 3 and 4 in their entirety

8. Page 2, line 5.

Following: "a"

Insert: "general, selective, or limited"

Following: "tax"

Strike: "would"

Insert: "or other form of tax may"

9. Page 2, line 6.

Following: "could"

Insert: "be used to"

10. Page 2, lines 7 through 9.

Strike: lines 7 through 9 in their entirety

Insert: "WHEREAS, any form of sales tax or other tax intended for property tax relief must be evaluated in terms of shifting of tax burden, cost of administration, effect on existing businesses, impact on tourism, relationship to reforms in existing tax laws, and other factors that require considerable legislative study and assessment; and"

11. Page 2, line 19.

Following: "study"

Strike: "the concept of establishing a statewide sales tax"

Insert: "potential reforms of individual income tax, corporation license tax, property tax, and other taxes and the adoption of alternative sources of revenue, including a general, selective, or limited form of sales tax or other revenue sources"



# ROLL CALL VOTE

SENATE TAXATION COMMITTEE  
49 th Legislative Session -- 1985

Time \_\_\_\_\_ Date April 23, 85 Room 413-415

Motion: Eck's motion to  
amend STR 40

Name	Yes	No	Excused
Senator Brown		✓	
Senator Eck	✓		
Senator Goodover		✓	
Senator Hager		✓	
Senator Halligan		✓	
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek			✓
Senator McCallum			✓
Senator Neuman	✓		
Senator Severson		✓	
Senator Towe	✓		

# STANDING COMMITTEE REPORT

April 23,

19 85

MR. PRESIDENT

Taxation

We, your committee on

Senate Joint Resolution

having had under consideration

No. 40

first

reading copy ( white )

color

Senate Joint Resolution

Respectfully report as follows: That

No. 40

~~XXXXXX~~

DO PASS

DO NOT PASS

Senator Thomas E. Towe,

Chairman.

# STANDING COMMITTEE REPORT

Page 1 of 2

April 23, 1985

MR. PRESIDENT

We, your committee on Taxation  
having had under consideration House Bill No. 826  
third reading copy ( blue )  
color

(Senator Boylan)

**AUTHORIZES RESORT TAX.**

Respectfully report as follows: That House Bill No. 826

be amended as follows:

1. Title, line 6.  
Following: "OF"  
Strike: "GOODS AND"

2. Title, line 7.  
Following: line 6  
Strike: "EXEMPT FROM"  
Insert: "SUBJECT TO"

3. Page 2, lines 7 through 15.  
Following: "Section 1." on line 7  
Strike: "Definitions"  
Insert: "Resort community defined"  
Following: "act)," on line 7  
Strike: remainder of line 7 through "Resort" on line 15  
Insert: "'resort"  
Renumber: subsequent subsections

4. Page 2, line 17.  
Following: "2,500"  
Strike: "52,500"  
Insert: "2,500"

~~XXXXXX~~

~~XXXXXXXXXX~~

continued

Chairman.

April 28, 1985

5. Page 2, lines 18 and 19.  
Following: "or" on line 18  
Strike: "official population"  
Insert: "federal"  
Following: "estimate" on line 19  
Strike: "prepared by the state of Montana"

6. Page 3, line 8.  
Following: "---"  
Strike: "exemption from"  
Insert: "services subject to"

7. Page 3, lines 12 through 19.  
Following: "of" on line 12  
Strike: "all goods and"  
Following: "community" on line 13  
Strike: remainder of line 13 through end of line 19  
Insert: "by the following establishments: (a) hotels, motels, and other lodging or camping facilities;  
(b) restaurants, fast food stores, and other food service establishments; and  
(c) taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink."

8. Page 6, line 8.  
Following: "of"  
Strike: "goods and"  
Following: "are"  
Strike: "exempt from"  
Insert: "subject to"

AND AS AMENDED  
BE CONCURRED IN

Senator Thomas E. Towe, Chairman