

MINUTES OF THE MEETING
TAXATION COMMITTEE
HOUSE OF REPRESENTATIVES
50TH LEGISLATIVE SESSION

January 30, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on January 30, 1987, at 8 a.m. in Room 312B of the State Capitol.

ROLL CALL: All members were present. Also present was Dave Bohyer, Researcher, Legislative Council.

CONSIDERATION OF HOUSE BILL 26: Rep. Kelly Addy, House District #64, stated the idea for the bill was developed with the city manager of Billings in 1982, submitted as a bill in both the 1983 and 1985 sessions, but failed to meet approval.

Rep. Addy said HB 26 would give local governments the option to set options to earn revenue, which would have to meet with voter approval before being enacted. He advised the bill provides positive ways for communities to meet their financial needs for parks, law enforcement, etc.

CONSIDERATION OF HOUSE BILL 182: Rep. Harry Fritz, House District #56, told the Committee his bill differs from HB 26 in that it lists different kinds of local option taxes and allows enactment by ordinance, instead of by a vote of the people. He said HB 26 is a generic bill and HB 182, a specific local option tax bill.

PROPOSERS OF HOUSE BILLS 26 and 182: Alec Hansen, Montana League of Cities and Towns, said he unequivocally supports both bills, and does not have a problem with a public referendum. Mr. Hansen explained that on a national average, states provide 19.6% of revenue to local governments, while Montana only provides 5.5%. He added that other states use local option taxes, and proposed that the state tax system is not doing its job. Mr. Hansen cited the local option tax in West Yellowstone, authorized last session, which places a 3% tax on luxury items, and raised \$500,000 last year.

Jim VanArsdale, Mayor of Billings, read from a prepared statement in support of HB 26 (Exhibit #1).

Robert Waltmire, Columbia Falls, said he believes it would be a waste of state dollars to pass HB 26, and said he supports HB 182, which would allow local governments to operate properly.

TAXATION COMMITTEE

January 30, 1987

Page 2

Ardi Aiken, Great Falls City Commissioner, told the Committee he supports both bills, and read from a prepared statement in support of the bills

Dave Fuller, Lewis and Clark County Commissioner, advised that local governments need the same that the state has, to respond to problems. He submitted that there would be lower taxes at the local level in two years, by allowing local governments to target revenue sources. Mr. Fuller said he preferred HB 182, but believes HB 26 would probably receive a more favorable response in providing the \$8 billion needed by local governments.

Mr. Fuller said 90% of local government actions are mandated by the legislature, while the earmarking that was bad-mouthed at the state level still exists at the local level. He commented that the Helena fairgrounds are falling apart and can't be funded for repairs, adding that the problem is local governments don't have the coal tax trust fund, R.I.T., or educational trust fund.

Don Peoples, Chief Executive Officer, Butte/Silver Bow, said local governments in Montana are spending as much as 30% less per capita than other states, in their efforts to be responsible. He stated local governments have been living with less for a long time, and asked the legislature to return previously held authority to local governments. Mr. Peoples added his support of both bills.

Steve Huntington, Department of Commerce, stated his support of the bills, on behalf of the Governor's Council on Economic Development.

Kay Foster, Billings Area Chamber of Commerce, read from a prepared statement in support of HB 26 (Exhibit #3).

Lorna Frank, Montana Farm Bureau, also read from a prepared statement in support of HB 26 (Exhibit #4).

Fritz Bossberg, Ravalli County, urged support of HB 182.

Steve Sevener, Whitefish City Council, stated his support of HB 26.

Wilmer Zeller, Mayor of Glasgow, said he particularly supported HB 182, and to a lesser degree supported HB 26. He stated Glasgow needs a 15% increase to meet its needs, and is unable to do that without the alternatives provided for in the bills.

Dwight MacKay, Yellowstone County Commissioner, advised the

Committee that the City of Billings and Yellowstone County have agreed to consolidate efforts, should HB 26 pass. He said citizens of the county will have to fund certain projects, if they are to be kept up.

Ben Bifoss, Deer Lodge, said his city is currently operating on 43% of its normal tax base, and tax increases 36% lower than they were 10 years ago.

Mary Vant Hull, Bozeman City Commissioner, stated her support of both bills.

Harold Mercer, Sidney, said his city must still offer services to people who owe more than \$600,000 in delinquent taxes, and won't vote for a local option tax.

Rod Preston, Missoula City Finance Officer, stated his support of both bills, and said Missoula has a unique situation, with 33,000 of its population inside the city limits, and 33,000 outside city limits, requiring the broad-based tax revenue.

Joe Ivanich, Butte/Silver Bow Commissioner, stated his primary support of HB 182, and of HB 26 as an alternative measure.

Don Olson, Laurel, stated his support of both bills.

Dave Jordan, Bozeman City Commissioner, stated his support of HB 26.

OPPONENTS OF HOUSE BILLS 26 and 182: David Maclay, Missoula, stated his opposition to both bills.

Phil Strobe, Helena attorney, and representative of the Montana Innkeepers and Tavern Owners Associations, advised that the City of Billings comprises 9% of the state's population, Yellowstone County, 15%, the larger cities, 58%, and 31 small counties, 15%. He stated opposition to both bills.

Mr. Strobe stated that if Montana were going to have a consumption tax, it should be a broad-based sales tax. He advised that three select sales tax bills have been introduced, that two more will be introduced, and twelve others are being drafted. Mr. Strobe explained that the Sheraton Hotel in Billings, the Copper King in Butte, and the LaLonde Hotel in Sidney all closed recently, presenting a tax base loss to those communities. He added his certainty that more closures will come to pass.

Jim Manion, Montana Automobile Association, told the Committee they should not take lightly business closures in the state. He stated his opposition to HB 182, in view of the recent passage of a three cent gas tax increase. Mr. Manion said the flat fee system in counties is not the problem, but rather the fact that oil prices are down.

Don Judge, Montana State AFL-CIO, read from prepared statements in opposition to both bills (Exhibits #5 and #6).

Stuart Doggett, Montana Chamber of Commerce, stated his organization's opposition to local option taxes, and their disagreement with the Billings Chamber of Commerce, as well as two others that support the bills.

Sam Ryan, Montana Senior Citizens, stated his opposition to both bills.

Jack Traxler, Missoula County Freeholders, stated his opposition to both bills.

Terry Murphy, Montana Farmers Union, told the Committee he opposed both bills.

Dave Fox, Missoula County freeholders, stated his opposition to local option taxes.

Edward Braach, Missoula County Freeholders, told the Committee he has serious concerns about the taxation problem in the state. He explained he is not a believer in public assistance, but if he had to do so, he would.

Laura Risdahl, Missoula County Freeholders, explained that, although she is opposed to both bills, she would tend to favor HB 26. Ms. Risdahl said HB 182 is an open door to allow a small body to dictate to the general populace.

Ray White, Gallatin County Commissioner, said he opposed HB 182, because it does not provide for a vote of the people. He shared his concern that a local option tax structured in this manner would cause shoppers to shift between communities who do not have the tax. Mr. White explained that it appears a self-imposed tax in a very small community can work, but would not be the same in an urban area. He questions whether cities can take a one-half of one percent income tax from a worker who resides outside city limits, yet resides in the county.

Mike Zimmerman offered an amendment to HB 26 which would exempt public utilities as HB 182 does.

George Gerhardt, Missoula, said the Committee needs to look for local options to reduce costs of government.

Vera Calhoun, President, Missoula County Freeholders, stated her opposition to both bills.

Naomi Powell, Corvallis, said she opposed both bills, on the basis that it is not right to provide criminal and civil penalties for property owners who do not pay their taxes. She said property is sacred to its owners, who have been milked dry. Ms. Powell stated that property owners need freedom from taxation burdens, which would also bring people back to Montana. She added that the system won't work when 50% of employees work for the state, and 50% of taxpayers support those employees.

Dorothy Traxler, Missoula, stated her opposition to both bills.

TECHNICAL COMMENTS ON HOUSE BILLS 26 and 182: Ken Morrison, DOR, stated there are some technical problems with the bill, and a potential legal problem in taxing non-residents of a jurisdiction. He asked what portions of the tax would be allocated to cities, and what would go to counties. Mr. Morrison said DOR will also need time to work on rate information. (Exhibit #7)

QUESTIONS ON HOUSE BILLS 26 and 182: Chairman Ramirez asked how local option taxes would fit with the requirements of Il05. Rep. Fritz replied that HB 182 was drafted with much reference to Il05, but could satisfy some of these requirements. Rep. Addy stated his position was the same as that of Rep. Fritz.

Rep. Asay asked how an amendment prohibiting local option taxes on property would be looked upon, adding that it appears to be necessary to inhibit double taxation. There was no response.

Rep. Harrington asked if DOR could provide information on the number of people who were physically removed from their homes as a result of failure to pay taxes. Rep. Raney replied that he could not provide exact figures, and said he is aware that many people leave their homes because it is cheaper to rent right now.

Rep. Hoffman asked Rep. Addy if he concurred with the amendment proposed by the Montana Power Co. Rep. Addy replied that he was carrying the bill at the request of the Infrastructure Committee, and that a position on the amendment would be theirs to take. He said the revenue

taken away in HB 138 should be replaced by HB 26.

Chairman Ramirez asked if, in following the requirements of I 105, the Committee would need to come up with alternative sources for funding local governments.

CLOSING ON HOUSE BILLS 26 and 182: Rep. Addy simply stated that the issue of local option taxes needs to be submitted to voters.

Rep. Fritz explained his bill is governed by the principle of "majority rules", and the assumption that citizens and elected officials are not stupid. He said the bill endorses a tax decrease.

ADJOURNMENT: There being no further business before the Committee, the meeting was adjourned at 11:50 A.M.


Representative Jack Ramirez,
Chairman

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1-30-87

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	✓		
REP. ASAY	✓		
REP. ELLISON	✓		
REP. GILBERT	✓		
REP. HANSON	✓		
REP. HARP	✓		
REP. HARRINGTON	✓		
REP. HOFFMAN	✓		
REP. KEENAN	✓		
REP. KOEHNKE	✓		
REP. PATTERSON	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. SANDS	✓		
REP. SCHYE	✓		
REP. WILLIAMS	✓		

HOUSE BILL 26
1987 LEGISLATURE

#1
DATE Jan 30, 1987
HB 26

Mr. Chairman and Committee Members, my name is Jim Van Arsdale, Mayor of Billings. I am here to speak on behalf of the City Council in support of broad base local option taxing authority, particularly as exemplified in HOUSE BILL 26. Many of the same positive principles are also contained in HOUSE BILL 182.

Over a year ago, the Billings City Council established, as its top legislative priority, obtaining approval of a broad based local option tax bill during the 1987 Legislature. The reasons why the Billings City Council is a staunch advocate of this concept include:

1) Residents are unhappy about the level of property taxes and local government dependence on property taxes. Local option taxes are a positive alternative. They provide the potential for a diversified tax base and a way for voters to choose whether to reduce services or seek alternative means of funding services.

2) City revenues and programs are being cut back dramatically. Federal revenue sharing has been lost at a cost of over one million dollars annually to the City of Billings. The State Block Grant Program appears to be headed for a substantial drop for cities, among a number of other negative revenue impacts.

3) A local option can be tailor-made to reflect local desires, local needs, and local priorities. It is the most democratic form of taxation conceivable under the criteria we are proposing.

The basic principles the City feels should be built into a local option tax authority include:

1) The tax would only be authorized through referendum at the local level.

2) Voters would approve of the duration of the collection of the tax as a component of the ballot issue.

3) The ballot issue would specify the purpose for which the proceeds of the tax would be used.

Obviously, if voters do not want programs or activities, they will not authorize the tax.

We are often asked what kinds of local option taxes might be considered by cities. It is important that our voters be give the broadest possible choice so that they can structure a tax that is acceptable to them. The resort tax in West Yellowstone is an obvious example of a tax structure particularly suited to the needs of an individual community. Different municipalities around the State might opt for that, or for generalized or targeted sales tax. They might opt for a local option income tax, or value added tax, excise taxes, or others. Although there are a broad variety of alternatives to be

considered, only those acceptable to the community would be approved and implemented. We have faith in the good judgement of voters in Billings relative to the nature of the tax they would select.

Another issue that comes up is the belief of some that tax policy must be uniform across the state. We would argue that needs, resources, opportunities, political orientations, and community philosophies are not uniform throughout the State of Montana. Many other states have found local option taxes to very workable. Local option sales taxes are allowed in 30 states. In Colorado, cities are allowed a broad base of local option taxes, including sales, franchise, occupation, accommodations, and real estate transfer. Hundreds of cities use some form of local option taxation. Although this creates diversity, business functions in these states effectively and would continue to function in Montana. Attached to copies of this testimony is more detailed information on tax diversity in other states.

Citizens in Montana can no longer tolerate legislative mandates which restrict our municipal funding to property taxation, if we are to be responsive to the citizens' demands for services. We are asking no more, through this legislation, than to give our citizens the right to vote for the level of services and the source of financing those services that they might desire. We see no reason why the State Legislature should not give the voters in Billings that opportunity.

We urge your support of HOUSE BILL 26. It is the most significant, positive piece of legislation for local governments that will come before you in 1987. Thank you.

COLORADO LOCAL OPTION TAXES

The summary table below compares 1978, 1981, and January 1984 municipal tax data.

Types of Taxes Levied (number of municipalities)

Type of Tax	1978	1981	1984
Sales and Use Taxes	132	162	171
Sales	51	84	91
Occupation			
General	19	25	28
Liquor and Beer	45	61	76
Utility (including franchise fees)	119	129	166
Miscellaneous			
Accommodations/Lodger's	2	7	14
Admissions	6	6	12
Real Estate Transfer	1	8	10

Source: CML Municipal taxes surveys and January 1, 1984, Department of Revenue Report.

SALES TAX - levied by the municipality on retail sales of tangible personal property and of some services.

USE TAX - levied by the municipality on the retail purchase price of tangible personal property which is purchased outside the taxing jurisdiction, but stored, distributed, used, or consumed within the jurisdiction.

GENERAL OCCUPATION TAX - levied by the municipality at a standard rate for all businesses and professions (Examples: \$30 per business, annually; \$5 per employee, annually).

LIQUOR AND BEER OCCUPATION TAX - municipally levied special occupation tax on liquor and beer businesses, but not including the annual state-imposed license fee on any municipally imposed license application fee.

UTILITY OCCUPATION TAX AND/OR FRANCHISE FEES LEVIED ON NONMUNICIPALLY OWNED UTILITIES - levied by the municipality on telephone, electric, gas, cable TV, and other utilities (does not include payments in lieu of taxes which may be paid to the general fund by municipally owned utilities).

ADMISSIONS TAX - a flat percentage of the charge paid by the customer for admission to places or events, such as athletic contests, movie theaters, and ski lifts.

ACCOMMODATIONS OR LODGER'S TAX - a flat percentage of the price paid by the customer for renting or leasing lodging less than 30 days. The tax may be in lieu of, or in addition to, a municipal sales tax on accommodations.

REAL ESTATE TRANSFER TAX - levied on the conveyance of real property.

Although municipalities also receive revenues from state-shared taxes, such as the cigarette tax, specific ownership tax, and highway users fund, as well as a share of some state-imposed license fees, such as on liquor and beer outlets, this list includes only municipal tax sources.

Source: 1984 Edition, Municipal Taxes, published by the Colorado Municipal League.

Allows Local Option Sales Tax	Basic State Tax Tax Rate Rate	No of Mun. Using Local Option 1985	Rate	No. of Counties Using 1985	Rate	Voter Approval Required
Alabama	4%	318	0.5-3.0	50	0.5	No
Alaska	None	85	1.0 5.0	7	1.0 4.0	Yes - Co. No - City
Arizona	5%	64	1.0 2.0	1	.5	Yes - Co. No - City
Arkansas	4%	59	1.0-2.0	20	1.0	Yes
California	4.75%	434	1.0	58	1.25	No
Colorado	3.0%	181	1.0-4.0	29	0.25-3.0	Yes
Florida	5%	--	--	12	.75-1.0	Yes
Georgia	3%	--	--	142	1.0-2.0	Yes
Illinois	5%	1269	0.5-1.0	102	1.0	No
Iowa	4%	10	1.0	--	--	Yes
Kansas	3%	104	.5-1.0	59	.5-1.0	Yes
Louisiana	4%	173	.3 3.0	41	.5 5.0	Yes
Allows for school districts						
Minnesota	6%	2	1.0	--	--	Yes
Missouri	4.22%	439	0.5-1.0	89	0.375-1.0	Yes
Nebraska	4.5%	15	1.0-1.5	--	--	Yes
Nevada	5.75%	--	--	2	.75	Yes
New Mexico	3.75%	98	0.25-1.125	26	.125-.625	Yes
New York	4%	27	1.0-3.0	57	1.0-3.0	No
North Carolina	3%	--	--	100	1.0 1.5	No for 1% Yes for last .5%
North Dakota	4%	1	1.0	--	--	Yes
Ohio	5%	--	--	75	.5-1.0	No
Oklahoma	3.25%	449	1.0-4.0	13	1.0	Yes
South Dakota	4%	72	1.0-2.0	--	--	Yes
Tennessee	5.5%	11	.25-1.5	94	.75-2.25	Yes
Texas	4.125%	1117	1.0	--	--	Yes
Utah	4.594%	219	.75-1.125	29	.75-;1.125	No
Virginia	3%	41	1.0	95	1.0	No
Washington	6.5%	266	.05 1.0	39	.05 1.0	No for .05 Yes for second .05
Wisconsin	5%	--	--	2	.05	No
Wyoming	3%	--	--	14	1.0	Yes

The above chart does not provide information on: Exemptions from the State tax; Authority to tax not used; Local option sales tax for transit districts; How overlapping jurisdictions are handled when both wish to levy; States which grant income tax credit for the sales tax; Revenue redistribution; Amount of money collected. This information is available.

EXHIBIT #3
DATE Jan 30 1987
HB 26



January 30, 1987

TESTIMONY IN SUPPORT OF HB26.

My name is Kay Foster. I speak in strong support of HB26, the allowance of broad based local option taxing authority to cities and counties with voter approval. I appear on behalf of the Billings Area Chamber of Commerce, which represents a membership of over 850 business men and women in Yellowstone County.

Because the concept of local option taxing has been before this legislature for the last two sessions the Billings Chamber has had several years to research the issue and, in addition, has had firsthand experience with the imposition of a local option tax within the City of Billings.

The Billings Chamber has long endorsed broad based local taxing authority with the suggestion that it would be in the best interest of most businesses if their application were countywide. The Chamber is a leader among business associations (with the possible exception of those in West Yellowstone) to recognize the advantages to economic development of optional taxation in a community.

In 1982 the City of Billings, with the belief it was allowed under their charter form of government and with voter approval, assessed a \$1.00 per head hotel fee on lodgers over 18 years of age. In the brief 9 months before the Supreme Court halted the

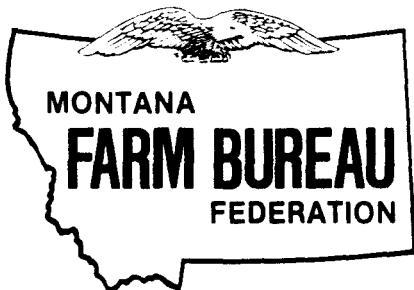
HB26

levy nearly \$700,000 was collected. The major portion of this money was used to offset costs relating to police and fire safety and street maintenance...costs ordinarily assessed to the property taxpayer. In addition, nearly \$100,000 has been allocated to fund the Chamber's Tourism and Convention Council and \$5,000 for a video promoting the County's facility, METRA Park.

The Billings Chamber has not only directly benefited from 3 years of funding for our tourism efforts but every business in Billings has indirectly benefited through the diversification of our local tax base.

Economic development efforts in Billings have become a partnership between business and local governments. We wholeheartedly support these efforts to work within the community to find a tax mix that will be adequate to fund the services which the citizens demand as well as fairly balanced and acceptable to the area businesses which they serve.

We urge passage of HB26.



P.O. Box 6400
502 South 19th

Bozeman, Montana 59715
Phone (406) 587-3153

TESTIMONY BY: Lorna Frank

BILL # HB-26 & ~~HB-102~~ DATE 1/30/87

SUPPORT XXX OPPOSE #4

EXHIBIT 7
DATE Jan 30, 1987
HB 36

Mr. Chairman, members of the committee, for the record my name is Lorna Frank, representing Montana Farm Bureau.

Farm Bureau members support the option tax and the right of voter approval of all Montana tax levy issues on a local level. The fee could be used to replace in part a portion of the present property tax system for specified services such as road and bridges, law enforcement, operation of county courthouses, city hall, or any part of the present budget system items.

Farm Bureau members do not want a tax increase on top of what they already have. There must be property tax relief.

Farm Bureau members also believe that state government, local government, County government and school boards district spending should be significantly reduced.

SIGNED: Lorna Frank



Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59624
406/442-1708

TESTIMONY OF DON JUDGE ON HOUSE BILL 26 BEFORE THE HOUSE TAXATION COMMITTEE,
JANUARY 30, 1987

Good morning. My name is Don Judge and I am here today on behalf of the Montana State AFL-CIO to testify in opposition to certain provisions of House Bill 26. Even though Montana is currently facing budget shortfalls, we are unable to support revenue measures which unfairly and inequitably attempt to redress these problems.

We oppose the provisions of House Bill 26 which authorize local governments to impose local option taxes if they are approved by the electorate of the local government. Specifically, we oppose any enactment of local option sales taxes under the guise that they would fairly and equitably raise additional revenue. It's absolutely clear that sales taxes only shift the brunt of the tax burden from wealthy individuals and large corporations onto those least able to pay. If House Bill 26 is enacted and local sales taxes approved, the poor, senior citizens, those on fixed-incomes and working men and women would end up paying a disproportionate percentage of their income in taxes.

These are difficult economic times both for Montana and the nation. And until national economic policies are changed, we must avoid rash and unworkable solutions.

Our working men and women cannot afford to carry the impacts of our failed national economic and trade policies. Montana alone lost between 3,000 and 4,000 jobs between 1984 and 1985. From 1979 to 1985, Montana lost a staggering 10,500 jobs in high paying basic industries such as manufacturing, mining and construction. The statistics don't reflect the pain and hardships that unemployed Montanans feel as they seek jobs to support their families. Tragically, in November, Montana had the tenth highest unemployment rate in the nation at 8.3 percent and 33,300 Montanans were officially listed as being out of work. And to make matters worse, our personal income drop in the third quarter of 1986 was 4.6 percent.

Any way you look at it, Montana's workers are in serious financial trouble, and cannot support any additional hardships.

Already, Montana's tax system tilts slightly in favor of its wealthiest citizens, but compared to the rest of the nation we are still progressive in our tax structure. A study produced by the Citizens for Tax Justice concludes that tax systems in most states are so unfair that the super-rich pay a significantly smaller share of their incomes than do the poorest families. We do not want to see Montana's progressive tax structure weakened by adding sales taxes which would further unbalance the scales of tax fairness and tax equity.

Montana is often urged by certain businesses and economists to follow in the footsteps of our neighbors such as South Dakota or Wyoming, both of which have sales taxes. In the case of taxes, we should stay our own course. For example, in Wyoming the poorest one-fifth of the population pays 4.4 percent of its earnings in state and local taxes while the super-rich pay only a meager .9%. In South Dakota, the poorest individuals pay 10.8 percent of their incomes in state and local taxes while the rich pay a miniscule 2.2 percent. Combined, both states have tax burdens which mean that the rich pay only one-third as much as middle-income people in taxes.

Mr. Chairman, these examples of unfair taxation must not be allowed in our state which prides itself on treating all its citizens fairly and equitably.

However, the problems resulting from our failed national economic and trade policies should not be balanced on the backs of the majority of Montana citizens. We need to support progressive tax measures which will guarantee that those who can most afford to pay taxes will carry their fair share. Therefore, because of the inherent inequities in regressive sales taxes, we oppose House Bill 26 until amendments are made which abolish all sales tax provisions.



EXHIBIT #6
DATE Jan 30, 1981
HB 182

JAMES W. MURRY
EXECUTIVE SECRETARY

Box 1176, Helena, Montana

ZIP CODE 59624
406/442-1708

TESTIMONY OF DON JUDGE ON HOUSE BILL 182 BEFORE THE HOUSE TAXATION COMMITTEE,
JANUARY 30, 1987

Mr. Chairman, Members of the Committee, my name is Don Judge and I'm appearing here today in opposition to certain provisions of House Bill 182.

Mr. Chairman, we do not appear here in opposition to all forms of local option taxation. Although we would much prefer to see the state and federal governments fulfill responsibilities to adequately fund governmental services at all levels, we realize that this is simply not in the cards. Therefore, local governments are becoming more and more strained and are reaching out to capture local revenues for meeting their needs.

However, as these local governmental entities seek new and expanded methods of generating revenue, we urge caution to avoid making the cure as regressive as the disease of insufficient funding itself. Authorizing local option sales taxes strikes our organization as a cure which in many ways is worse than the disease. It has an uncanny habit of raising as needs, or desires, dictate and may after rise at a rate exceeding increases in other, more progressive means of taxation.

House Bill 182 contains five provisions which we maintain are differing forms of sales taxes:

Section 4 would allow a local government to impose a sales tax, not to exceed 1%, on the sale of all goods or services within the taxing jurisdiction.

Section 6 would allow a local government to impose a selective sales tax on the use of a hotel, motel or tourist campground at a rate equal to 5% of the accomodation charge.

Section 7 would allow a local government to impose a local restaurant (or bar) tax on the sale of ready-to-eat food and accompanying beverages at a rate defined as "a percentage of the charges paid."

Section 8 would allow a local government to impose a local luxury tax on the sale price of "luxury items" at a rate defined as "a percentage of the retail sales price".

Section 9 would allow a local government to impose a local entertainment tax "which may be a flat rate or on a percentage of proceeds derived from" an entertainment enterprise or device.

Mr. Chairman, Members of the Committee, these provisions are all variations on the same theme. They are all a form of regressive sales taxes. In addition, House Bill 182 would seem to contain a provision which allows for a multiplying sales tax effect on the same goods or services, as long as each form of tax was levied separately BUT BY THE SAME GOVERNMENT.

It is true that Section 10 of this bill would seem to prohibit "double taxation" but when you read this section, it simply makes it unlawful for more than one local government to impose a sales tax on the same persons or transactions. House Bill 182 makes no provisions to prevent a single local government from imposing a 1% general sales tax on all goods and services, an unspecified and unlimited so-called luxury tax on many of these same goods and services, and if such services are entertainment, hotels, motels or campgrounds, an additional sales tax may be imposed --- THREE TIERS OF TAXATION ON THE SAME TRANSACTION.

Mr. Chairman, Members of the Committee, we understand the sponsor's concerns for the funding of needed local government services, but as we have in the past, we continue to oppose regressive taxation. House Bill 182 repeatedly uses one word which we feel fits very appropriately. That word is "impose." Sales taxes are proposed to be "imposed" upon the citizens of Montana.

Such taxes strike hardest at those least able to pay and House Bill 182 makes but a feeble attempt to address their concerns. House Bill 182 makes no effort to exclude food, drugs or other necessary items from the proposed 1% sales tax and it only slightly seems to remove certain items from the "luxury tax" section. But persons on fixed income, persons without a stable income and the working poor would still pay such a tax on paper goods, soaps and detergents, small and large appliances, toiletries, toys, utensils, home furnishings, bedding supplies, a multiple of sundry items and more.

We ask, as you debate the means by which you raise needed revenue, that you consider our arguments and reject House Bill 182 and other such attempts to impose regressive forms of taxation.

Thank you.

-X 7
1-30
HB 26

1/19/87 HB

#7

Jan 30, 1987
26

House Bill No. 26 - Introduced Bill

1. Page 5.

Following: line 13

Insert: "NEW SECTION. Section 6. Exemption for public utilities. No public utility subject to rate regulation by the Montana public service commission or owned by a governmental entity, including a rural cooperative utility organized under Title 35, chapter 18, is subject to a tax levied under [this act]."

Renumber: subsequent sections



P.O. Box 1679
Helena, Montana 59624
(406) 442-3420

57
Jan 30, 1987
DATE
EXHIBIT

NAME Carol Mosher BILL NO. HB 132
ADDRESS P.O. Box 1679 Helena DATE Jan. 30, 1987
WHOM DO YOU REPRESENT Montana Cattlewomen
SUPPORT OPPOSE XX AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

We oppose this bill because we see no provision in it for voting on the tax by the people. This bill looks like taxation without representation by the people who would be paying for it.

This type of tax would be an additional tax which does not appear to reduce any other form of taxation.

We do not believe that the people want more taxes. They want tax relief with spending kept within our income.

We strongly urge you to oppose this bill.

VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO.

HB 26

DATE

1-30-87

SPONSOR

KELLY ADDY

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
JAM RYAN	7000 Main, Helena		X
Lois Butcher	Chinook	X	
Don Meyers	Laurel Mt.	X	
Agnes Jensen	Laurel Mt.	X	
Robert Watmore	Columbia Falls		X
Robert Peterson	Kellogg		
Bob Roberts	Bozeman		
Cathy Peterson	Kellogg		
Ed Kenting	Kellogg		
Helene Brown	Bozeman	X	
Mary Jensen	"	X	
John Jensen	Helena		
John Jensen	City of Billings	X	
John Jensen	City of Billings	X	
Robert E. Johnson	City of Billings		
Ken Lee	City of Billings	X	
Harold Muser	City of Sidney		
Michael Kennedy	City of Billings	X	
William Jensen	Laurel Mt.		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE

TAXATION

COMMITTEE

BILL

HB 26

DATE

1-30-87

SPONSOR

KELLY ADDY

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Kay Foster	Billings	Billings Chamber of Commerce	✓	
Byron Bayes	Twin Bridges	MADISON COUNTY	✓	
Bill Dringle	Ennis	Madison Ct.	✓	
Don Olson	Billings	Billings	✓	
Bernard Harrington	Walkerville	Walkerville		
Stuart Duggan	Midland			✓
Steve Severin	Whitefish	City of Whitefish	✓	
Boys Dyer	MTA Helena			X
Phil Stroyer	MTA Helena			X
BEN BIFLOSS	ANACONDA	ANACONDA-DEER LODGE CO	X	X
J MacLay	Missoula	self		X
Vanety Root Land	Missoula	self		X
Karen Baile	Missoula	self		X
Dorothy Fisher	Missoula	Miss County Eagle		X
Lucy Wittenberg	Missoula	self		X
Dea Capron	Mole	Mole Co Truckers		X
David L. Fox	MISSOULA	MISSOULA CO FREEHOLDERS		X
Edward W. Hall	MISSOULA	Missoula Ct Freeholders		X
David L. Fox	Missoula	Missoula Ct Freeholders		X
Clare K. French	Missoula	Missoula Ct Freeholders		X

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Ken Mann Doc

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL NO.

HB 26

DATE

Jan. 30, 1987

SPONSOR

ADDY

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Ellen Smader	Missouri 7th		X
			X
David H. Duff	Miss. Co. Fr. & Co. / 1st		X
Keith S. Vinal	MSLA; MT. 59801		X
			X
			X
			X
W.E. Brown	" "		X
Faith Krum	Flattop	X	
Julie Nacker	Miss. Co. Fr. & Co. / 1st		X
	Flattop Co. Comm.		X
W.H. M. 7th	PSC		
Craig Jackson	MTCH + Recorder	✓	
Gran Morris	MACU	✓	
Larry Frank	MT State 1st	✓	
Late Rogers	General		
Don Judge	MT STATE AFL-CIO		X
Allen A. Jackson	Flat-Co Comm	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION COMMITTEEBILL NO. HB 26DATE Jan. 30, 1987SPONSOR ADDY

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Dennis Brown	Mont. Ag		
Terry Armbray	Mont Farmer W		✓
George Allen	Mont. The Tail of the		✓
Don Jock	Boroman	X	
Dwight Macking	Yellowstone	✓	
Mike Zimmerman	WPCO		✓
GENE Pigeon	MDU RESOURCES		✓ AMEND
Andy Hicken	Great Falls	✓	
Lois Palmer	Butte - Silver Bow	✓	
MIKE KERNS	Butte Silver-Bow	✓	
Joe Franich	" " "	✓	
Eric Fearr	MEA		✓
William Zeller	Glasgow	—	
Joe Jellnake	Galathea Co.	✓	
Ed Spitznagel	Kalispell	✓	
Ala Sanderson	Clawson	✓	
Roger Sprinkle	Chinook	X	
John H. H.	Self		✓
Barbara Bancroft	Self		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO.

HR 182

DATE

1-30-86

SPONSOR

HARRY FRITZ

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
SAMI RYAN	7000211001 Helmer		X
Carl M. HUR	Augusta, Mt.		X
Roger Sprinkle	Chenock, Mt.	X	
Don Vandever	Chenock, Mt.	X	
Don Meyers	Lowell Mt.	X	
Angie Conner	Lowell Mt.	X	
Robert Charles Matrone	Columbia Falls	X	
James Shepherd	510 N 4 th Dupla.		
Norman Remington	1033 Phares Rd Dupla.		
Lordons Betty Church	617 Whitaker mola		
		X	
John P. Leland	Kale, Dupla		
Bob J. F. H. S.	BRD. Dupla		
Clarence L. Leland	Fall Lake		
Eck Leland	Lowell		
James L. Leland	City of Dupla	X	
Albi Tank	City of Dupla	X	
Kenneth	City of Dupla	X	
William L. Leland	City of Dupla	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HOUSE TAXATION COMMITTEE

182

Jan 30, 1987

Fritz

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

DO R

VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. HB 182DATE 1-30-86SPONSOR H. F. L.

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Paul J. Dwyer	Whitefish City Council		<input checked="" type="checkbox"/>
STEVE SEVENOR	Whitefish City Council		<input checked="" type="checkbox"/>
Boss Durkee	MTA Helena		X
Phil Stroppe	MIKA Helena		X
BEN BIFOSS	ANACONDA-DEER LODGE CO.		
Bern Cahoon	Missoula Co. Freeholders		X
David L. Fox Jr.	MISSOULA FREEHOLDERS		X
Guillermo P. Raach	Missoula Co. Freeholders		X
Norothy Wittenberg	Missoula Co. Freeholders		X
Edward L. Fritsch	Missoula Co. Freeholders		X
Edward W. Fritsch	Missoula Co. Freeholders		X
Ellen Imboden	Missoula Co. Freeholders		X
Timothy W. Marshall	Missoula Co. Freeholders		X
George W. Marshall	Missoula Co. Freeholders		X
Mark A. Marshall	Missoula Co. Freeholders		X
Ben J. Marshall	Missoula Co. Freeholders		X
Keith L. Vinal	Missoula Co. Freeholders		X

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FOR

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION COMMITTEEBILL NO. HB 182DATE Jan. 30, 1987SPONSOR FRITZ

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
CAROL BANCROFT	Corvallis Mt		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.