

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

February 4, 1987

The meeting of the Taxation Committee was called to order by Vice Chairman Asay on February 4, 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 NO. 377: Rep. Jack Ramirez, House District #87, testified as main sponsor of HB 377 and read from a prepared statement in support of the bill (Exhibit #1). He advised that the bill was co-sponsored by Rep. Harry Fritz and Sens. Bruce Crippen and Les Hirsch.

Rep. Ramirez stated it is important that a sales tax be a bi-partisan effort and that he was speaking for each of the bill's sponsors. He explained he believed a sales tax is the best course of action at this time, under these circumstances. Rep. Ramirez said the budget deficit is anticipated to reach \$400 million by the next biennium, while the constitution limits the legislature's ability to deal with welfare issues and those of a number of counties, among others.

Rep. Ramirez stated that necessary revenue cannot be produced right now, except through a sales tax. He added that he agrees changes need to be made to the bill as originally drafted. Rep. Ramirez advised that abolishing the 51 Mill and 6 Mill university levy will not bring balanced tax relief. He explained there is an imbalance between personal property and real property tax relief, and that 75% of sales tax collections would go to property tax relief, while 25%, or about \$40 million, would be deposited to the general fund. Rep. Ramirez explained that the bill is patterned on the Minnesota sales tax, which has the greatest number of exemptions of any state. He added that Rep. Fritz would address this issue.

Rep. Ramirez said he questions whether or not the measure should be put on a ballot, and that it is his personal opinion the legislation should be enacted and the chance taken with voters.

PROPONENTS OF HOUSE BILL NO. 377: Rep. Harry Fritz explained that it is difficult to change the view of Democrats on a sales tax. He said medical costs,

prescriptions, food, mortgage and utility payments, as well as inexpensive items of clothing, should not be taxed.

Rep. Fritz advised that property tax relief is part of the sales tax plan. He said the system must be balbanced, as the economy is in a steep decline, affecting revenue production. Rep. Fritz stated he is not optimistic that the economy will rebound, and that he is looking at continuing hard times in the mining and timber industry, as well as low oil prices.

Rep. Fritz commented that Montana is facing a tax revolt and the legislature needs to respond to this issue. He said a sales tax is an essential tool for economic development in this state. He added that the entire economy is in transition, and is moving toward a more mobile, tourist/recreationist lifestyle, which can be attractive for Montana.

Rep. Fritz said the population in Montana increased at a rate faster than the national average in the 1970's, especially in western counties, such as Missoula, Flathead and Ravalli. He explained there are no traditional jobs in these areas, which are inhabited mostly by retirees, students, and veterans, who don't pay income tax in Montana. He said the sales tax will be aimed at these persons, as well.

Sen. Bruce Crippen, District 45, and co-sponsor of HB 377 read from a prepared statement in support of the bill (Exhibit #3). He said it is important the sales tax issue be brought before the legislature and the people of Montana. Sen. Crippen commented it is obvious the state is in the midst of an economic recession due to circumstances beyond its control, and that cuts made by the Governor are continuing to debilitate areas suchas education.

Sen. Crippen said CI27 and I105 are clear messages for tax relief and reform. He submitted that the burden of property and income tax is about to collapse, and that a sales tax would relieve the burden. He added Montana does have a sales tax, as evidenced by the fuels tax. Sen. Crippen believes Montana suffers a perception problem and that Montanans need to learn to view themselves as outsiders view Montana. He stated that if the state can't effectively compete for its share of the economic pie, Montana will "crawl" into its second century of existence. Sen. Crippen advised that decision is up to Montanans to make, and said legislators are not elected to duck issues, nor to act indecisively.

TAXATION COMMITTEE

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Sen. Les Hirsch, Miles City, explained that, historically efforts to export taxes have been successful in the past, and that the 800,000 people in the state can't bear the full tax burden. He said Montana should not overlook this option, implemented by other states. Sen. Hirsch advised that Eastern Forward Coalition members and accountants in Billings have worked hard to help with meaningful tax reform, and added that it takes courageous leadership to create tax reform in the state.

Charles Heringer, President, Billings Chamber of Commerce, advised he represented more than 900 businesspeople in the Billings area, of which 225 came by bus to attend this hearing.

Dick Brakke, Billings Chamber of Commerce, read from a prepared statement in support of HB 377 (Exhibit #4). He said the most emphasis is on creating a balance for property, sales and income tax in the state, and that Montana raised a high percentage (about 50%) of its tax revenue in FY84 from personal property. He added that sales tax income was about 13% and that for income tax, about 20%.

John Foote, owner/developer, Billings Commerce Center, read from a prepared statement in support of the bill (Exhibit #5). He said that since 1973 4% of the state's revenue has come from property tax, while the national average is 37%. Mr. Foote advised that Montana is second only to New Hampshire in this area, and that it is a barrier to new business, while driving present business from the state. He urged the Committee to support HB 377.

Brett Boedecker, Montana Forward Coalition, read from a prepared statement in support of HB 377 (Exhibit #5a). He proposed that all revenue generated go to property tax reduction, of which 25% should be earmarked for the general fund. Mr. Boedecker stated there is a need to limit personal property to three or four categories, and that the problem needs to be addressed this session.

Harold Reinke, Billings area auto dealer, read from a prepared statement in support of HB 377 (Exhibit #6).

Dwight MacKay, Yellowstone County Commissioner, read from a prepared statement in support of the bill (Exhibit #7).

Chuck Schiele, explained he represented revenue agents in South Dakota, North Dakota, Iowa, and other states, except Montana. He asked the Committee to support HB 377 (Exhibit #7a).

Jim VanArsdale, Mayor, City of Billings, asked for committee support of HB 377.

Eric Feaver, President, Montana Education Association, said he spoke for MEA's 7,500 members who believe a sales tax is necessary, but cannot support the bill as it is written.

Dennis Burr, Montana Taxpayers Association, stated his agreement with comments made by Eric Feaver.

George Allen, Montana Retail Association, read from a prepared statement in support of HB 377 (Exhibit #8). He commented that in a survey of Retail Association members 36% responded, and of those 58% were in favor of a sales tax.

Bob Correa, Bozeman Chamber of Commerce, read from a prepared statement in support of HB 377.

Don Waldron, School Administrators of Montana, stated his support of the bill, with reservations for changes.

Allen Eck, Montana Farm Bureau, stated he would support the bill, with appropriate tax relief.

George Anderson, MontRec, said he hoped the sales tax would be a tax of the people of Montana and not a partisan tax.

Al Donahue, Great Falls, stated he was appearing as a Democrat in favor of a sales tax. He provided a copy of the book "Sales Taxation, Local Rates and Structure", for committee review (Exhibit #10).

Ann Mary Dussault, Missoula County Commission, stated she was aware of the consequences of a Democrat appearing in support of the sales tax, but believes the Taxation Committee can balance the budget and fund necessary programs without a sales tax, but that it is not the problem. She stated her belief that property taxes cannot be eased without a sales tax, in accord with language in I105.

Ms. Dussault said she fears the legislature will do what it usually does, which is to erode the property tax base, and pass costs back to local governments (about \$72 million, currently). She added that she also feared tax relief would not be addressed and that I105 would go into effect.

Ms. Dussault explained she does not want services to the elderly, women, and children cut.

Bob Mullen, Richland County Commissioner and past president of MACO, read from a prepared statement in support of HB 377 (Exhibit #11). He recommended changes to the bill in the area of classes of property, because of serious reservations that H105 does not address all classes of property. He said Class I, II, and III comprise about 75% of property tax paid in Richland County.

Jerome Anderson, Tobacco Institute, stated that 12.5% of the price of cigarettes is a select sales tax, and that he objects to tobacco being singled out for this kind of tax.

Stuart Doggett, Montana Chamber of Commerce, stated his support of HB 377.

Carroll Krause, Commissioner of Higher Education, advised that the Montana university system is in serious trouble, needing \$14 million more than budgetary recommendations.

LeRoy Gable, Mountain States Beet Growers Association, stated Western Sugar pays \$558,000 in property tax in Montana, and \$128,000 for similar property in Wyoming. He commented that a sales tax would provide property tax relief to the sugar beet industry.

Rick Lewellin, Montana Manufactured Housing Association, advised that he agrees property tax relief in Montana is long past due. He proposed to amend the proposed 55% of the value of a manufactured home to 50% to provide compatibility with "stick-built" homes.

Ron Slayton, Hanson Construction, Billings, read from prepared testimony in support of the bill (Exhibit #12).

Craig Pierson, Billings, read from a prepared statement in support of HB 377 (Exhibit #13).

Tom Boyer, inventor of Poke-a-Pack, stated he would like to be able to produce his product in Montana, and added that a sales tax could provide property tax relief necessary to stimulate business in the state (Exhibit #14).

OPPONENTS OF HOUSE BILL NO. 377: Rep. Nancy Keenan, Anaconda, read from a prepared statement in opposition to HB 377 (Exhibit #15). She said mining and utilities would receive a 45% property tax reduction via HB 377, while reductions for agriculture would be 18% and those of commercial industry, 24%. She stated small businesses would receive a very small amount of property tax relief.

Donna Small, a resident of Billings and representative of the Democratic Party in Montana, read from a prepared statement in opposition to the bill (Exhibit #16).

Jim Murray, Montana AFL-CIO, read from a prepared statement in opposition to HB 377 (Exhibit #17). He quoted U.S. Senator Packwood, who said a sale tax is the most inequitable and unfair of all taxes. Mr. Murray stated a sales tax would save Montana Power about \$7 million, and a Missoula homeowner, about \$200. He said it is paramount not to pass a sales tax, which would place a burden on low and middle income persons.

Gene Fenderson, Montana State Building and Construction Workers, said his 10,000 members oppose a sales tax.

Ed Kohler, a retired Montana rancher, stated a sales tax would save about \$6,000 on his ranch, which he should be happy about, and instead, he is concerned that another form of property tax relief is necessary. He advised Montana has \$5 billion in adjusted gross income annually (Exhibit #17a).

John LaFaver, Director, DOR, stated he opposed HB 377, as the Governor has stated his position against increased taxes. He read from a prepared statement in opposition to the bill (Exhibit #18), and advised that DOR delivered a draft bill to the Legislative Council on February 3, 1987, requesting that the taxation committee view the bill.

Terry Minnow, Montana Federation of Teachers, read from a prepared statement in opposition to the bill (Exhibit #19).

Barbara Archer, Women's Lobbyist Fund, also read from a prepared statement in opposition to HB 377 (Exhibit #20). She said women and children are the poorest of the poor and that a sales tax would fall more heavily on these individuals. She explained there is a need to sufficiently fund state services for low income persons.

Naomi Powell, Corvallis, an author of CI27, stated she wants to see Montana land free of taxes, and does not approve of a sales tax.

Dorothy Stevens, Representing herself, said Montana is in a state of "dormant preemption". She proposed that the state may be in line for additional federal tax, if the remaining sales-tax-free states adopt a sales tax.

Miles Ramey Stevens, stated that as a Montana farmer, he has not made much in income the past two years. He asked the Committee to give serious consideration to taxing people who are in no position to pay additional taxes.

Earl Riley, Montana Senior Citizens, advised that waitresses, tourists, and senior citizens aren't going to bail out Montana with a sales tax. He explained that the State of Washington is seriously considering an income tax as the 8% sales tax is not providing sufficient income to that state. He said a sales tax is not morally, but economically wrong (Exhibit #20a).

Joe Brand, United Transportation Union, and Brotherhood of Railway Clerks, stated most of the problem could be blamed on what takes place in Washington, D.C. He said problems for mining, farming, timber, and oil are far worse in other states than in Montana. He said the President is all for using exemptions to please the people and then removing them after a sales tax is implemented.

Terry Carmody, Montana Farmers Union, stated his opposition to HB 377.

Sue Fifield, Montana Low Income Coalition, read from a prepared statement in opposition to HB 377 (Exhibit #21). She said the tax system should be equitable.

LeRoy Kileman, State President Federation of Retired Employees, Billings, provided written testimony (Exhibit #22), and said property taxes are unfair, but the way property is appraised is not.

John Cowl, Billings, stated state government needs to be cut, and if it is not done, CI27 will accomplish such cuts.

Rep. Bob Raney, Livingston, commented that the proponents didn't state how they plan to balance the tax system. He said that if a sale tax is implemented it will be at the expense of those least able to pay. He advised that no low or middle income persons testified in favor of the bill, and said no state ever voted in a sales tax. Rep. Raney added that of those states with a sales tax, middle income people pay more than wealthy people, and that the higher the sales tax, the greater the inequity. He stated that to democrats, "sales tax" are dirty words, and to republicans, "income tax" are dirty words.

Mitch Huffield, Billings, stated he was representing himself, and that he felt the Committee listened more actively to proponents than to opponents. He commented that approximately 40 others intended to testify as opponents of HB 377, but would not be able to do so, because of time constraints.

CLOSING COMMENTS ON HOUSE BILLS 377: Rep, Ramirez stated bi-partisan sponsorship of the bill is an effort to overcome the "war" between income classes. He said it is difficult to find balance and equity for all concerned.

Rep. Ramirez explained the bill is based upon ability to pay and responsibility to government; that revenue must be protected to provide services for the poor, who are the greatest users of human services. He said that if business doesn't prosper, there will be no jobs, and that right now, the slogan should be "Montana's a great place to be poor". He added that appears to be the direction in which the state is headed.

Rep. Ramirez commented he was disappointed with the position of the Governor, who has given no alternative for property tax relief. He said the state needs to rely on its own human resources to rebuild Montana; that there is no place to turn except to massive loss of services. Rep. Ramirez stated the alternatives are to raid the coal tax trust, but it is not the answer to dismantle the University system, as that is the future of Montana youth. He advised people need to work together to resolve Montana's economic problems.

Rep. Fritz stated he would reserve most of his comments for private conversations with fellow democrats and union laborers. He stated he believes this legislation has a once in a generation opportunity to support higher education and to boost travel promotion.

Sen. Crippen thanked both proponents and opponents, and said he hoped the Committee would do the best job it could concerning a sales tax.

ADJOURNMENT: There being no further business before the Committee, the meeting was adjourned at 12:15 p.m.


Representative Jack Ramirez,
Chairman

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2-4-87

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	✓		

#1
2-4-87
HB 377

TESTIMONY OF JACK RAMIREZ

RE: HB 377

January 26, 1987

A. Introduction.

House Bill 377 calls for a 4% sales tax to be used primarily for property tax relief.

Rep. Harry Fritz, (D-Missoula), Sen. Bruce Crippen (R-Billings), and Sen. Les Hirsch (D-Miles City), are co-sponsoring the measure with me, but none of us is in full agreement with the bill as introduced.

In the interest of time, however, we have co-sponsored the bill to permit early introduction in the House. I also assume that the Governor's bill, which apparently will propose a 3% sales tax to be submitted to the electorate, will be introduced eventually in the Senate.

Time is of the essence. There are many complex issues involved in any sales tax measure. HB 377 is over 80 pages in length. The Taxation Committee, and its subcommittee on property and sales taxes, need to begin work immediately if these issues are to be carefully considered. Perhaps a consensus can be reached on some of these issues while the Legislature awaits the Governor's proposal.

B. Need for a Sales Tax.

A sales tax is needed in order to bring to Montana's tax system the balance and fairness necessary to encourage and maintain economic growth. The U. S. Advisory Commission on Intergovernmental Relations ranks Montana's tax structure as the fourth most unbalanced of the fifty states. Balance is important because Montana competes with other states for new and existing businesses.

High taxes on natural resources and property have helped force industry and employment out of the state. Personal income in Montana is low and is growing at one of the slowest rates in the nation. In fact, personal income is actually shrinking in real dollars.

Economic factors beyond our control have certainly contributed to Montana's economic woes. The tax and regulatory policies of state government, however, have made matters worse.

The state budget is estimated to be between \$150 to \$200 million in the red for the next biennium. The public is also asking for substantial property tax relief. Even a 20% reduction across the board in property taxes would amount to approximately \$120 million per year.

Because of structural restrictions (such as the constitutional provision which limits the ability of the legislature to restrict welfare benefits), budget cuts alone will not close the gap and provide property tax relief as well. A sales tax is the only reasonable alternative available at this time to provide substantial property tax relief without gutting essential services. The income tax cannot possibly provide enough revenue without overloading. Using the coal tax trust fund provides only short term help.

C. Issues to be Addressed.

Here are some of the issues which will have to be addressed in considering HB 377 or any other sales tax measure:

- (1) The tax rate.
- (2) The amount of revenue which will be raised.
- (3) What exemptions, if any, should be adopted.
- (4) Whether an income tax credit should be given for sales tax paid.
- (5) Whether the revenue from a sales tax will be used solely for property tax relief or be used, in part, to balance the budget.
- (6) What mechanism should be used to distribute funds for property tax relief.
- (7) To what extent property tax relief should be afforded to various classes of property, such as commercial land and buildings, residential land and buildings, and personal property.
- (8) How the tax will be collected and administered.
- (9) Whether the measures should be submitted to the voters or simply adopted by the legislature.
- (10) If submitted to the votes, when the election should be held.
- (11) How should the measure be coordinated with other ballot issues, such as proposed constitutional limitations on taxes or on spending, or other alternatives such as an income tax surcharge or spending cuts.
- (12) What the effective dates of the sales and property tax relief should be.

D. Suggested Changes in HB 377.

Changes in the introduced form of HB 377 will need to be made to satisfy the concerns of all of my co-sponsors. The same is true from my perspective. For example, the

following are some of the amendments I would personally like to see made in this bill.

1. When the bill was initially conceived, I felt that the easiest way in which property tax relief could be provided at the state level was through the elimination of the 45 statewide mills levied for elementary and secondary education, and the 6 statewide mills levied for the university system. On reflection, however, I have concluded that the property tax relief which elimination of the 51 mills would provide would fall too unevenly among the counties. Wealthy counties would receive an inordinate benefit; counties with low valuations would receive very little. This compounds our problems of equalization of educational funding and also decreases the likelihood of public acceptance of a sales tax for property tax relief. The relief must be spread evenly throughout the state.

2. Initially, because of Initiative 27, I felt that all of the property tax relief should be directed at real property. On further study, however, I have concluded that personal property taxes have become unbalanced and a severe impediment to attracting and keeping businesses. The Governor has suggested that personal property taxes should be eliminated entirely. He is moving in the right direction, but his proposal goes too far. It would actually narrow the tax base, at a time when we need to broaden that base. I feel the best approach is that of Montana Forward, which has suggested a 4% taxable percentage classification for personal property.

Reductions in residential and commercial real property taxes also need to be addressed. Real property could, for example, be placed in a 4% class (the rate now being 3.8%), substantially simplifying our classification system. Agricultural real property, centrally assessed utilities, and 4R's property (railroads), would have to be dealt with separately. Property tax reductions for real property could then be given through an exclusion of value, such as the \$16,500 exclusion suggested by the Governor for residential property. I would expand that exclusion to include commercial real property.

Another option is to reduce the taxable percentage rate for commercial and residential real property to 3% or perhaps even 2%, depending upon how much property tax relief can be funded. The details on these options need to be refined. The object is simply to find a level and balance of property tax relief which can be financed by the sales tax. Once in place, the system would be kept in balance through annual appraisals.

3. I have also concluded since this bill was filed that a portion of the proceeds, not to exceed 25%, should go to the general fund to help balance the budget. The remaining 75% should go for property tax relief. There are two reasons for this. First, this will be necessary to garner the support needed to pass the bill. Second, our deficit is such that budget cuts alone cannot balance the budget.

4. The exemptions presently called for in HB 377 are taken from Minnesota and are quite extensive. There has been some concern that administrative costs would be high and that tax collections from tourists and other non-residents would be diminished. I am certainly willing to consider eliminating all exemptions, providing a credit or cash refund to all residents through the filing of an income tax return or other application. The credit would be related to the amount of income spent on necessities such as food, clothing, shelter and medicine, and would be designed to eliminate the regressivity of the tax. I am presently looking at the procedures of this type followed in South Dakota and Idaho.

5. Finally, the bill as introduced calls for the sales tax to be submitted to voter approval at the general election in 1988. I have come to the conclusion that a vote of the people at that time would come too late. In the best interests of the State of Montana, the issue must somehow be brought to a head before then.

I support the adoption of the tax by the Legislature, effective July 1, 1987, without submitting the question for a vote of the people.

I have opposed a sales tax in the past, fearing we would have three large taxes (property, income and sales) rather than two. The dire financial situation we find ourselves in, however, requires that we enact a sales tax, and that a portion of the proceeds be used to balance the state budget. Because we need the funds for the next biennium, we cannot wait until 1988 to adopt the tax.

The questions of whether and when to submit the issue to the voters is a difficult one. In a republican form of government, the decision should appropriately be made by the legislature, without a referendum. Montanan's Constitution, however, makes it relatively easy for a small percentage of the voters to force any legislative action to a vote of the people. Five percent of the voters can petition to have any act of the legislature placed on the ballot. Once an act is referred to a vote, fifteen percent of the voters can suspend the act until the vote is taken.

I am certainly not opposed to voter review of the actions of the legislature. I am concerned, however, that the public may act without full information as to the true financial condition of the State of Montana. It is very possible that the public could reject the judgment of the Legislature, only to find later that the consequences of doing so are less than acceptable.

Some thought has been given to submitting the question to a vote at the April 7 school election. That has now become nearly impossible, in view of the short time available and the fact that we have not yet even received the Governor's sales tax bill.

A special election at some later date this spring might be possible, but would leave little time to implement the tax before the beginning of the fiscal year on July 1. A vote next fall, after the tax is in place, could force us to dismantle the administration machinery created to begin collection of the tax.

We must act now. If the sales tax issue is then petitioned onto the ballot by 5% of the voters, the tax would at least be in effect pending the vote. If the tax were then suspended by 15% of the voters, a special session could be called to deal with the crisis.

The legislature faces an almost impossible dilemma in attempting to balance the budget and provide property tax relief in a time of a stagnant economy and declining revenues. It is imperative, however, that the legislature act now, so that Montana's unbalanced tax system does not make the problem worse by driving out our existing businesses and keeping others from locating here.

In any event, the foregoing are the changes in House Bill 377 that I am suggesting at this time.

Altimus, Glenn D.
Altimus Distributing

Anderson, Duane S.
Anderson Steel Supply

Anthony, Doug
Metal Door Products

Badura, Ed
Western Sugar Company

Bartlett, Bill
Corporate Air

Boyer, Bill
Capital Communications

Boyer, Tom
Tom Boyer

Brew, Bill
Star Service

Buchanan, Gary
Merrill Lynch

Burns, Conrad
Yellowstone County

Cartmill, Joe
Cartmills Inc.

Christianson, Buz
Yellowstone County

Cockrell, Tom J.
Conoco Travel Shoppe

Cumin, Cal
Cumin Associates

DeJarnett, Don
Montana Steel

Demaree, Morris
Bonanza Distributing

Anderson, Dave
A & H Turf & Specialities

Andrikopoulous, Basil
Dain Bosworth

Astle, Tom
Tom Astle

Barthuly, Harry
Harry Barthuly

Bernhardt, Mike
Beet Growers Association

Boyer, Jim
Express Mart

Brekke, Dick
Dorsey & Whitney

Brosovich, Gene
Brosovich Engineers

Burch, Lynn
FBS Insurance

Cartmill's Inc.
Cartmill's Inc.

Chiesa, Bill
Yellowstone County

Clark, Ed
Industrial Plating & Grinding

Cooper, Don
Allied Technical Sales

Davis, Jim
United Blood Services

Dean, Doug
Inland-Northwest Dist.

Derr, Roger
Hennessey's

EXHIBIT #3
DATE 4-2-87
NO. 577

Havig, Ray
Bairs

Henry's Safety Supply
Henry's Safety Supply

Henry's Safety Supply
Henry's Safety Supply

Heringer, Charles J.
Herco

Hortsman, Ann
Ann Hortsman

Huffield, Mitch
Billings Truck Center

Jarussi, Gene
Gene Jarussi

Jenkins, Mae
Yellowstone County

Jennings, Ernie
Marion Power Shovel

Johannes, John
Walman Optical Co.

Johnson, Gregg
Pacific Metal Co.

Johnston, Dennis
Big Sky Haul Away

Johnston, Forrest
Forrest Johnston

KTVQ-2
Photographer

Kautz, Dr. Al
Kautz Optimistrist

Keifer, Darrell
Montana Brake Eng.

Kelly, Frank
Standard Batteries

Kennedy, Mark
Bert & Ernies

Kiedrowski, Gordy
Bonanza Steak House

Knox, Gary
School District #2

Koelzer, Al
Floberg Realtors

Kraft, Jim
Yellowstone County

Kryser, Thomas C.
Floberg Realtors

Kuhlman, Steve
Barry O'Leary Inc.

Lenhardt, Bob
Bob Lenhardt

Louman, Robert A.
Yellowstone Acoustics

Lovely, Doug
Floberg Realtors

Lowe, Bill
Montana Radiator

MacIntyre, Bruce
Bruce MacIntyre

MacKay, Dwight
Yellowstone County

Madsen, Buford
Madsen Door Service

Maroudas, Tony
Catey Controls

Pluhar, Helen
Helen Pluhar

Potzman, Dennis
Homestead Business Park

Reed, Arnold M.
Arnold M. Reed

Reinke, Harold
Midland Doge

Rist, Ted
Interstate Diesel Products

Roberts, Dennis
Chem Lawn

Rush, Bob
AC Insudtrial Equipment

Sampson, Steve
Conlin Furniture

Samsal, Dale
D & D Door & Glass

Sanderson, Bob
Sanderson Stewart Gaston

Schafer, Mike
Yellowstone County

Scheels, Chuck
Scheels Inc.
Schuman, George
Ryan Wholesale
Settell, Gary
Mountain Bell

Schock, David E.
Travis-Jan, Inc.

Shima, Gene
Industrial Systems

Slayton, Bob
Normandale Properties Inc.

Slayton, Ron
Hanson-Kelly Const. Inc.

Smart, Butch
Cummin Power Inc.

Smith, Dick
FBS Lessing

Snyder, Ralph
Archie Cochran Motors

Stanaway, Don
A & I Distributors

Stansberry, Meryle
Meryle Stansberry

Steel, Dick
Industrial Plating & Grinding

Stevens, Maralyn
Omega Apparatus

Stewart, Wally
Star Service

Strecker, Bud
Bud Strecker

Strecker, Sherman
Sherman Strecker

Stumvoll, Gene
Landmark of Billings, Inc.

Swanson, Al
Homestead Business Park

Swenson, Craig
First Citizens Bank

Thomas, Frank
American Rent All

Thompson, Rich
Classic Properties

EX # 4
D. Fred 117

MONTANA TAX REFORM
GENERAL RETAIL SALES AND USE TAX
Billings Chamber of Commerce
October, 1986

As have many Montana citizens, the Billings Chamber of Commerce has long been concerned about the state and local tax system which exists in Montana. During periods of time when the Montana economy is prospering, certain shortcomings of the state and local tax system in Montana have gone unnoticed. However, when Montana is experiencing an economic slow down (as is the case presently), these shortcomings become more obvious and the need for a general tax reform in Montana more pressing. Unfortunately, an economic slow down also provides impetus for changes to the state and local tax system which, measured by most objective standards, are too radical. Montana is in need of objective and rational tax reform. This tax reform can only be achieved if political considerations and pressures and emotional reactions are put aside.

In recent years, numerous studies have been done of state and local tax systems. From these studies, certain characteristics of a high quality state and local tax system have been identified. Some of these characteristics include the following:

- (1) The tax system should be balanced. A balanced tax system looks to several different sources for tax revenues in order to minimize overreliance on any one source of tax revenues.
- (2) The tax system should be broadly based. A broadly based tax system provides a more even-handed treatment to all taxpayers and tends to keep tax rates lower.
- (3) The tax system needs to be equitable. An equitable tax system shields low-income persons' subsistence income from undue taxation and in part provides for a progressive tax system which extracts more tax from higher income persons.
- (4) The tax system is designed to raise an adequate amount of revenues.
- (5) The tax system is relatively simple. A relatively simple tax system minimizes compliance costs for both taxpayers and governmental agencies.

The one characteristic of a high quality state and local tax system which is emphasized the most is that of a balanced use of income taxes, property taxes and sales taxes. A state and local tax system where income taxes, property taxes and sales taxes each provide 20% to 30% of tax revenues is considered a well-balanced and desirable system. For fiscal year 1984, Montana has raised its total state and local tax revenues as follows: approximately 19.98% from personal and business income taxes, approximately 47.13% from property taxes, approximately 13.08% from sales taxes,

Across the United States, tax revenue from general retail sales and use taxes is the second largest source of state tax revenues. In the fiscal year 1984, tax revenue from general retail sales and use taxes accounted for approximately 32% of all state tax revenues. There are only five states in the United States which do not levy a general retail sales and use tax. Less than 2% of the nation's population resides in these states. A general retail sales and use tax is a desirable source of state (and possibly local) tax revenues in that it is:

- (1) capable of producing significant revenues efficiently;
- (2) relatively stable;
- (3) capable of raising significant revenues from nonresidents, particularly in states with significant tourist travel; and
- (4) traditionally the least unpopular tax because it is to some extent voluntarily paid by taxpayers and is collected in small amounts.

In determining a tax rate for a general retail sales and use tax in Montana, it is critical that rates existing in surrounding states be taken into consideration. If the rate is significantly greater than the rate existing in surrounding states, Montana retailers become less competitive.

Any general retail sales and use tax enacted in Montana should for the most part not exempt any retail sales. However, there should be income tax credits or tax rebates allowed to low-income persons to the extent a general retail sales and use tax would otherwise be imposed upon specified levels of subsistence income. This approach makes the tax more progressive in that low-income persons can be relieved of the tax with respect to certain types of purchases (such as unprepared food, prescription drugs and possibly other necessities) without relieving higher-income persons of the tax with respect to such purchases. An exemption of certain retail sales (such as unprepared food and prescription drugs) for all persons necessarily requires imposition of a higher tax rate to all nonexempt purchases for both low-income and higher-income persons in order to raise the same amount of revenue. This makes the tax more regressive in that low-income persons are forced to pay a higher tax on nonexempt purchases.

Any general retail sales and use tax enacted in Montana should also tax most all retail services.

If a general retail sales and use tax is enacted in Montana and a significant decrease in the level of property taxation results, principal residences should be exempted from property taxes up to a specified level in order to ease the property tax burden on low-income persons.

To the extent that property taxes are reduced in Montana, the state must provide more tax revenues to local governments for nonfederally funded welfare expenditures and elementary and

EX.
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HB 377

EXHIBIT # 4a
DATE 2-4-87
377



ISSUES

'87

**A PREVIEW OF THE ISSUES FACING THE
50th MONTANA LEGISLATIVE ASSEMBLY**

SALES TAX

1. Should Montana impose a general statewide sales tax?

KEITH ANDERSON, PRESIDENT— MONTANA TAXPAYERS ASSOCIATION:

The retail sales tax ranks slightly behind the property tax as the most widely used of the major tax sources in the state-local tax system of the 50 states. Only 2.4 percent of the nation's population resides in the handful of states that do not levy a general sales tax; Alaska, Delaware, Montana, Oregon and New Hampshire. Montana, with heavy dependence upon the property tax, low population and economic growth, appears to be out of step with the realities of taxation as measured by other states.

The rationale for the retail sales tax rests on the belief that consumption is an appropriate basis on which to distribute a substantial part of the state and local tax load. All states have sales taxes. Montana is no exception, having levied \$139.7 million in "selective" sales taxes for fiscal 1985.

The issue that has had to be faced in all states, because even "selective sales taxes" are not uniform from state to state, is how far sales taxes should be extended to pay for public services.

The key to the entire question of taxation is how to pay for public services. Very few states have extended their state-local tax structure to include a general sales tax because of "economic enlightenment" or the desire to bring about tax reform. Most general sales taxes have been enacted by political administrations and Legislatures, (some of them extremely liberal) anxious to appropriate ever increasing amounts of revenue for popular causes. In order to get into a position where a general sales tax was needed, Legislatures throughout the nation, have generally succumbed to pressures from special interest groups to appropriate in excess of revenue. As it is never popular to cut back on appropriations, Legislators have had to either increase existing tax rates or enact a new source of revenue—a general sales tax. Sales taxes have been enacted, (and in some states have been increased from time to time), in the other 45 states, because it has been politically impossible, or impractical, to further increase income, property or business taxes. The voters simply would not stand for it. As a result, a general sales tax was put on the books as the least offensive alternative.

To our knowledge, the advent of the general sales tax has not been heralded with great acclaim by the taxpayers in any state, any more than an increase in the income tax or property tax would have people dancing in the streets. It has simply been a lesser of the tax evils. As far as politics is concerned, 35 states adopted the general sales tax when a Democrat governor was in power and 10 states when a Republican governor was in the chair.

For fiscal 1984, total sales and gross receipts taxes provided \$95.8 billion, or slightly less than one-half of the total revenue collected from the 50 states. Sales taxes have been stable revenue producers, keeping up with inflation, and tending to provide a stable tax base during poor economic times.

Property taxes for fiscal 1984, for the 50 states, amounted to \$96.4 billion, ranking slightly more than sales tax collections.

Montana makes up in above average property taxes what the other states impose in general sales taxes. The average tax structure in the United States is financed 21.65 percent by general sales taxes and 33.24 percent by property taxes. In Montana property taxes finance 47.13 percent of all state and local revenue and there is no general sales tax. Selective sales taxes provide a significant share of revenue in the Montana tax structure—13.08 percent as compared to the national average of 11.50 percent.

Some states, in addition to increasing revenue for general government, have attempted to bring about tax reform by reducing property taxes or preventing increases in property and income taxes. Idaho is a good example of a state seeking tax reform through the sales tax. In Idaho property taxes immediately were reduced and since the imposition of the sales tax, property taxes have grown at a lesser rate than if the sales tax had not been adopted. Tax reform, through the general sales tax, depends on how bad off a state is financially.

In states other than Montana, the opposition to a general sales tax from the historical opponents of labor, low income groups, the elderly and the like has been diminishing. These groups have toned down their opposition for a very simple reason. They are the beneficiaries and the recipients of sales tax revenue for programs they want funded. Hence, many states have seen labor unions, teachers unions and the like supporting a sales tax in order to fund the programs they want.

John Kenneth Gailbraith, a noted economist and author of the book, "The Affluent Society", stated as follows: "American liberals—opposing the sales tax—have been, all things considered, the opponents of better schools, better communities, better urban communication, and even of economic stability." In fact, he concluded, "The poor cannot afford not to have a sales tax." The issue in Montana is the level of public spending and the way public spending is being financed. Our problem is not unlike that of states that have already adopted a sales tax. The Legislature appears to be unable to say no to the special interest groups, who in reality are the chief beneficiaries of increased taxation. The voting public are adamant against increased income, business and property taxes. There is a serious state deficit situation, again largely caused by the public school, county, city and other special interest groups who have prevailed on the Legislature in the past to appropriate above income.

Should there be a general sales tax in Montana? Because of the magnitude of revenue involved there is no other tax to turn to if public spending isn't sharply curtailed at all levels of government, including the public schools. It must be remembered, however, that the general taxpayer, living, working, and doing business in Montana, is looking for tax reduction, not a new tax to pay.

REBUTTAL BY JIM MURRAY, EXECUTIVE SECRETARY MONTANA STATE AFL-CIO:

The issues of governmental budget revenue and sources of taxation are undeniably intertwined. Without the latter, the former wouldn't exist. However, it would be fallacious to presume that a budget shortfall always exists because of the structure of a tax system or even the so-called demands of special interest groups. For example: The current budget crisis in Montana governmental units exists, in part, because of a revenue shortfall under our existing tax structure. The shortfall exists not because the tax structure is bad, or because of excessive spending, but because our economy is suffering and resultant tax payments are reduced accordingly. Those areas where our economy is suffering the most are in agriculture, timber, mining, oil and coal production. In addition, state and local governmental units are suffering a reduction in interest income earned on investments and a steadily declining level of federal revenue sharing.

All of these trouble spots are in areas outside of the control of Montana government. Economic recovery is at the mercy of federal farm programs, trade policies and budget priorities. Without major policy changes at the federal level resulting in economic recovery, changing our tax structure here in Montana only results in shifting who pays, not necessarily how much is paid.

It is argued that Montana has an imbalance in our state tax system relying too heavily on income taxes and property taxes. Those arguing for change urge Montana to adopt a sales tax to reduce reliance on property taxes. They suggest that such a move would bring our system more in line with the rest of the nation where approximately 21.65% of all tax revenues collected are from sales taxes. What they don't tell you is that Montana is one of only a few states where mineral property taxes replace a sales tax as a means of tax balance.

Montana is a mineral-rich state which, in 1984, ranked 8th in the nation for minerals produced per person. Property taxes paid on these minerals account for 22.4% of our total tax collections (slightly more than average sales tax collections nationwide). Additionally, these taxes are paid almost entirely by persons residing outside of Montana. This is in contrast to a sales tax which would be paid to the greatest extent, by Montana citizens.

State and local government and education in Montana need revenue, about that there is no question. But reducing property taxes on business and minerals, which account for over 75% of all property taxes paid and shifting that burden to workers, senior citizens, low income persons and other individual taxpayers through a sales tax is not the answer.

SALES TAX

1. Should Montana impose a general statewide sales tax?

JIM MURRAY—EXECUTIVE SECRETARY, MONTANA STATE AFL-CIO:

Is a sales tax really the answer to Montana's current budget crisis? Sales taxes are regressive. They fall heaviest on those least able to pay: working people, low-income individuals, the elderly, and those on fixed incomes. Taxpayers with higher incomes pay a smaller share of their income on a sales tax than lower income people. Even exempting food and medicine, families struggling to survive would still be forced to pay increased costs for children's clothing, non-prescription drugs, an automobile, cleaning supplies, and other essential non-food items.

A sales tax is an added tax. It is NOT a replacement tax. In tax year 1986, the estimated property tax levied in Montana will raise about \$575 million. In order to replace property taxes, Montana would have to levy a sales tax of between 14 and 16 percent with no exemptions. A 5 percent sales tax will generate only \$200 million. So property owners are faced with the prospect of a substantial sales tax or a sales tax and property taxes combined either of which would mean a tax increase. To give you an example: an average Missoula homeowner with a \$50,000 home and a family of four, paid \$475 in property taxes in 1985. By reducing property taxes 30 percent, the homeowner saves \$143. But with a 5 percent sales tax, the homeowner will pay approximately \$696 per year in sales tax. This means an overall tax increase for the homeowner of \$533 per year!

For farmers and ranchers, their implements, fertilizers, etc. would all be subject to a sales tax. A 5 percent sales tax could reduce their property taxes by about 36 percent but would result in a net tax increase averaging about \$1,440 for each of Montana's farmers and ranchers.

Retail merchants on Main Street Montana would be burdened with administrative costs resulting in higher prices for consumers. In addition, merchants would have to pay the sales tax on credit sales before receiving cash payment.

If a sales tax would not relieve the tax burden on most Montanans and in fact would increase their total taxation, why then would anyone want to enact one? The answer is simple: to provide tax relief for the large corporations in Montana. Businesses and corporations pay 73 percent of Montana's property taxes. Obviously, they would be the beneficiaries of any reduction in property taxes. If Montana were to enact a sales tax which would reduce property taxes by 30 percent, Montana Power, for example, would save over \$7 million while an average homeowner in Missoula would save less than \$150.

Montana is facing a severe budget deficit that cries out for tax reform. But a sales tax is not the answer. The answer is a progressive tax system in which people and corporations pay according to their means. We must not allow Montana's working men and women to carry a disproportionate share of the tax burden.

REBUTTAL BY KEITH ANDERSON—PRESIDENT, MONTANA TAXPAYERS ASSOCIATION:

The "regressive" argument against the sales tax, used by labor unions in Montana, is a political argument rather than one founded on sound economic rationale. Labor has been very successful in using this argument, with the objective of electing candidates to public office with the apparent objective to increase or maintain taxes on the business sector at a high level.

Recent studies at Montana State University show that a sales tax is progressive instead of regressive. This shouldn't surprise anyone, considering that the more dollars people make, the more they spend and, in addition, they purchase higher priced items. A Tax Foundation Inc. study shows that government taxing and spending, taken in tandem, results in a definite redistribution of income (taxes) in favor of low-income families. Those families, comprising the lower half of the income distribution, receive more in government benefits than they pay in taxes. In fact, the lower the income, the more favorable the tilt of government spending. The benefits of government spending are definitely pro-poor, which shouldn't be a surprising conclusion. In fact, when costed out, the poor really don't pay taxes, until they reach certain income brackets, because they are the net beneficiaries of taxes others pay.

A sales tax can obviously be written as a replacement, or partial replacement, for the property tax. In fact, an Oregon sales tax measure to be voted on at the November election, and sponsored by the Oregon Education Association (the Oregon Teachers Union) has been written to reduce homeowners and renters property taxes by \$272 million. The 1971 Montana sales tax act, which was opposed by labor and the teachers unions, had much of its revenue dedicated to property tax replacement in the area of public education, welfare and the like.

Labor, and their allies, have been a constant enemy of tax reform in Montana, being dedicated to high property, income, business and mineral taxes. At the same time labor is the constant backer of additional public spending for social causes; education, higher salaries for public employees (their own members), the elderly, expansion of government, and the like. Their very demands are forcing Montana into a sales tax position— a position where the sales tax will be an additional tax, when enacted, because there won't be revenue available for property or income tax reform.

Labor is constantly attempting to increase public services and the costs of government, and at the same time restrict and limit the tax base to those taxes paid by the business community and income tax payers. The general sales tax is a broad based tax and is stable during poor economic times. Not so with income taxes and property taxes in an agriculture state.

Property taxes, income taxes, taxes on natural resources, and other business taxes should be moderate to be competitive with other states, but labor insists they be increased, therefore driving another nail into the coffin of no growth that has become Montana.

TESTIMONY - HB 377

John E. Foote
1205 Rimhaven Way
Billings, MT 59102
(406) 259-8426

I am the owner and developer of the Billings Commerce Center, an Office/Warehouse/Industrial Park in southwest Billings. Space in these buildings is leased to 30 Billings businesses engaged in distribution, wholesale, service, commercial and light manufacturing activities which are the backbone of the Billings economy. I've been engaged in this business since 1973. I am here to recommend the enactment of a statewide sales tax of 4% as a replacement tax for real and personal property taxes. Property tax relief should be given for both commercial and residential classes of property and exemptions should be given for food and drugs. Due to the present state of our economy, it is imperative that you act on this legislation within the current Legislative Session.

Why do we need a sales tax with corresponding property tax relief? The answer is simple - our state tax structure is completely out of whack. According to the Winter, 1986, issue of Montana Business Quarterly "Montana gets nearly one half of its tax revenue from property taxes. This rate of dependence is much higher than the National average: Montana is second only to New Hampshire by this measure." In exact figures, Montana gets 47% of its tax revenue from property taxes and the National average is 30%.

It is no accident that Montana has developed an Anti-Business image with this kind of imbalance in our tax structure. Most businessmen have the sophistication to carefully examine the costs involved in locating in a new state. When they know that heavy expenditures for plant and equipment

are going to be followed by heavy real and personal property taxes, it doesn't take a genius to know what their decision is going to be about locating in Montana.

Property taxes are not only a barrier to attracting new businesses, they are driving existing businesses out of the state. I'm sure there is not one person in this room who could not relate a personal experience of someone who got "fedup" and left Montana in the last six months.

How have high property taxes affected my business? Normally I'm building several buildings each year and leasing them to new tenants. Due to high property taxes and other economic factors, I have not broken ground for a new building since August, 1985. This has meant the loss of jobs for a considerable number of carpenters, iron workers, plumbers, electricians, concrete finishers and other tradesmen. If you want to put people back to work, it would be a good idea to give developers such as myself an incentive to get back to the business of building Montana.

So now the question is what happens when we give the businessmen a tax break? I'm sure you'll find that the tax burden won't be shifted to other Montanans, but to our second largest and quickly becoming our largest industry - tourism. Tourists come from all over the world to admire the beauty of our state, but leave precious little tax money here. We have a sales tax on gasoline and we may get a hotel/motel tax in the future. A statewide sales tax would also cover the considerable money they spend on meals, clothes, Montana made items, souvenirs and collectibles. If you don't think they spend money on clothes, just ask some conventioner whose wife went shopping while he attended meetings. Every Visitor and Convention Bureau in the State will be quick to tell you how much money is spent in a community hosting a convention, but do we ever think how much tax money we lose?

In conclusion I believe we can broaden the tax base by enacting a sales tax and giving property tax relief. A reduction in property taxes will attract new businesses to the State and maintain existing businesses. More businesses will mean more jobs. More jobs will mean more people paying more sales taxes, income taxes and property taxes thus easing the burden on those of us already living here. This will eliminate budget deficits and give us the revenue to provide proper funding for education and services.

As you can see, a considerable portion of the future of Montana rests on your shoulders regarding the disposition of House Bill 377.

Thank you for giving me the opportunity to make this presentation.

TAX REFORM - GO FOR IT



CRANKY RANKY'S

WORLD FAMOUS
MIDLAND DODGE, INC.



2229 KING AVENUE WEST • P.O. BOX 31113 • BILLINGS, MT 59107
TELEPHONE: (406) 652-2200

#6
2-4-87
377

February 4, 1987

Thank you for letting me appear before you, this distinguished body.

My name is Harold Reinke, I am an automobile dealer in Billings, Montana. I am here representing the B.A.D.A. and our state organization the M.A.D.A. The best way to explain our dilemma is to tell you my experience as an auto dealer. In 1979 when Chrysler Corporation was in deep financial problems, I stepped up and bought the "World Famous Midland Dodge". I do not know how many of you know how to pray earnestly. I not only prayed daily, but every morning as I drove to work I checked to see if there was a padlock on the front door.

Ladies and Gentlemen, today not only the Chrysler Corporation dealers are in trouble, but every dealer in the state. In 1979 our property taxes at the dealership were \$13,000, last year they were \$44,000. Our workmans comp. has more than doubled. Our liability insurance from 1985 to 1986 rose from \$19,000. to \$53,000. Our expenses are skyrocketing.

I talked to my banker about this and he said "tighten your belt". Ladies and Gentlemen, I want to tell you, since November to present, I did tighten my belt and have lost 44 pounds, but it still has not solved my problem. I do not think I have to tell you about dealerships closing. They are closing all over the state. Let's stop this massacre. Let's not think as Democrats or Republicans, let's think like Montanans.



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Page 2 of 2

We need help from property taxes. Let's take the burden off the shoulders of property tax payers. I do not like a sales tax, but we really do not have an alternative. We have had a discriminatory sales tax on automobiles for years. Everytime we purchase a new car we pay 1½% sales tax. We might as well up it to 3 or 4% and get our property taxes lowered!

The people have spoken in this last election, please let's listen to them. We need to raise revenue from the people that spend the money. We cannot and should not tax our elderly people out of their homes. We should not tax businessmen out of their businesses. Soon all we'll have left in the Big Sky Country is the Big Sky.

Let's enact a sales tax so we can keep our education system. Let's enact a sales tax to pay our teachers. Let's enact a sales tax to build our roads. Let's enact a sales tax to feed our hungry. Last but not least, let's enact a sales tax to keep our state government running.

Thank You,

Harold Reinke, Sr.
Midland Dodge, Inc./ President

County of Yellowstone



COMMISSIONERS

(406) 256-2701

Box 35000
Billings, MT 59107

#7
2-4-87
377

MEMORANDUM:

TO: Representative Jack Ramirez

FROM: Yellowstone County Commissioners
Dwight MacKay and Conrad Burns *DM*

DATE: February 2, 1987

RE: House Bill 377

While we understand there will be amendments to your bill, we stand in strong support for your sales tax proposal. People in Montana are screaming for tax reform in a balanced, fair manner. Property tax relief is a must in order for Montanans to survive.

Montana now has three alternatives - begin deficit spending for the first time, disassemble our university system to such an extent as to make it non-repairable or to face facts that Montana needs revenue and vote for a responsible sales tax at this session.

The consequences of no action will hurt our children and Montana citizens for many years to come. Go for it!

DM:gp

Church - David H. Agent
2-4-87

EXHIBIT 7a
DATE 2-4-87
HB 372

377
Gentlemen,

You stand in an enviable position. Few elected officials stand at crossroads with the destiny of their land in their hands. It is at such times politicians become statesmen and you have that opportunity.

In life we seek those responsibilities that will give us the chance to make a difference - a lasting difference. The great need, the great problem, the great opportunity of destiny stands at this crossroad where you find yourself today. The future of this state is in your hands. You are faced with a problem not brought on by any past legislature, but by the changed world markets and production.

We cannot do anything about the market prices of commodities, be they agricultural, lumber, or mineral. But, we must face up to the fact that the change has occurred. It's been devastating to Montana - you well know that. You can't change the marketplace; you must react to it. Montana has to change; we must react. We have to move to ^{new} sources of business income. This means that we must become competitive in the market.

A part of the pricing of our state's economic environment is tax - business tax - whether property, corporate, or other forms. If we are to sell Montana to business, you have to make us competitive. We need to be priced right.

The options are clear - property tax, income and corporation tax, severance tax, sales tax. The people have spoken on property tax in I-105; income and corporation tax is high now and if raised will be a detriment to bringing new business to Montana; the coal tax is a viable option, but must be lowered to create any meaningful income. The Northern States Power contract demonstrated that.

So what's left on the table is the sales tax. Times have changed. Four years ago I would have voted against any new tax; today I'm campaigning for it! It's the reality of our times.

The sales tax is a viable option, a very viable option, but it will take guts and statesmanship to act as this state's future needs you to act. Look at what it will do - lower property tax to improve our competitive position. It will hold our corporation tax at a limit that borders on being acceptable. It will hold income taxes at a base acceptable level. ~~It will fund our university system at an acceptable level and it will take care of the General Fund at an acceptable level.~~

A sales tax devoid of exceptions, administered, by retailers without cost, will create cash flow to the state more easily ^{and less costly} than anything you could do. It is paid equally and easily by all who have a buck to spend and with our large tourist industry, is a windfall for Montanans.

Past legislatures have set a precedent for sales tax through sales taxes on cigarettes, gas and liquor. Now you can extend it to all purchases and solve Montana's problems. It is a painful move, an unpopular move, a necessary move. You know the problem, you know the options, you know the alternatives and only you, not your electorate, are in a position to know and make the right decision, as unpopular as it may be.

You stand at the crossroads as Washington did at Valley Forge, as Lincoln did at Gettysburg, as Churchill did during the Battle of Britain, as Truman did with the bomb. This is not as dramatic on a world scale, but for of 700,000 Montanans, its survival! The question is - do you have the guts to be a leader, a statesman, or will you be just another politician?



Executive Office
318 N. Last Chance Gulch
P.O. Box 440
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Phone (406) 442-3388

EXHIBIT #8
DATE 2-4-87
HB 377

Testimony

HB 377

Mr. Chairman and Members of the Committee,

For the record, my name is George Allen, representing the Montana Retail Association. I also represent the Montana Hardware & Implement Association, the Montana Tire Dealers Association, and the Montana Office Machine Dealers Association. Combined we represent approximately 1,200 retail stores.

We surveyed our membership and had a 36% response to our survey. Of those 36% that responded, 58% favored a sales tax providing that it gives real and permanent property tax relief, and that the bill be written to include our attached amendments.

I am acquainted with two of the nations's leading tax experts who specialize in sales tax legislation throughout the United States. I sent each of them a copy of HB 377, and asked if they would respond with their recommended amendments. You will find their recommendations attached to my testimony. I would like to draw your attention to the fact that each of these experts made similar recommendations. They felt that HB 377 with our amendments included could be one of the better sales tax laws in the country.

We also favor taxing all consumer products. That is with no exclusions. You could then give an income tax credit or a cash rebate at the end of the year to low income people and/or senior citizens on fixed incomes. States who do this tell me the low income and senior citizens actually come out money ahead. But if you should chose to have some exclusions, we strongly recommend that you keep them to a minimum.

A 1¢ tax will generate 60 million dollars in revenue. If we have a 3¢ sales tax that would generate

180 million dollars in revenue, and of course, a 4¢ sales tax would generate 240 million dollars in revenue. It is estimated that tourists will pay from 10% to 20% of that sales tax, so you can see from that, we could expect somewhere between 16 and 24 million dollars in revenue from tourism.

You as legislators have been lobbied hard by the University System to save the School of Engineering, save the School of Pharmacy, pay our professors adequately to retain the good ones, all of these are valid arguments. You've also been lobbied hard by local governments to help them solve their problems. We have all seen one band-aid approach one right after another. I don't believe we can solve the University's financial problems, nor the local governments problems with nickel and dime tax programs. A good strong sales tax can generate the funds needed by the University and local government and still protect the low income and senior citizens, and give real property tax relief to the home owner.

If I may, I would like to suggest that this committee tackle a job while adopting a sales tax, just as if it were going to become law. If a sale tax is passed by the legislature, and/or approved by the voters of the state, you will then have the best possible sales tax law. If it is rejected, then so be it.

The experts that I consulted with informed me the states that have the best balanced tax program includes these three major areas: 1) property tax; 2) income tax; 3) sales tax. In their opinion, states that have these three taxes end up with the best balanced and most equitable form of taxation.

In closing let me just emphasize how important it is that the committee come up with the very best sales tax law that can be developed.

Respectfully Submitted,



George Allen
Executive Vice President
Montana Retail Association

Proposed Amendments to Montana H.B.-377

H.B.-377 generally refers to "tangible personal property", but in at least one case, it refers to "the lease or rental of property." To clarify that sales tax is not applicable to the leasing of real property, the underscored should be added to Section 2(10)(a) (iv) on page 5, as follows:

"(iv) the lease or rental of tangible personal property."

Section 4 (3) authorizes retailers to adopt rules providing for the addition of the 4% tax to retail sales. It is sounder tax policy for the Department of Revenue to promulgate uniform bracket schedules which must be used by all retailers. Therefore, Section (4) should be revised as follows:

"Section 4. Separate charge and collection -- advertising restriction--bracket schedule. xxx

(2) It is unlawful for a retailer to hold out or state to the public or any customer, directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the retailer, that it will not be added to the sales price, or that, if added, it or any part thereof will be refunded.

(3) The Director shall by regulation prescribe a method or methods or a schedule or schedules of the amounts to be collected as the result of a transaction in respect to which a tax is imposed under (sections 1 through 45) so as to eliminate fractions of one cent and so that the aggregate collections of taxes by a person required to collect tax shall as far as practicable, equal four percent of the gross receipts subject to tax."

Exemption for newspapers, including advertising supplements distributed therewith, is provided for by Section 27(1) (i). To assure the application of the exemption to supplements printed by someone other than the newspaper, the following underscored new language should be added.

Section 27(1)xxx

(i) the gross receipts from the sale, storage, use or other consumption in Montana of tangible personal property (except as provided in (Section 14)) that is used or consumed in producing a publication regularly issued at average intervals not exceeding 3 months. For purposes of this subsection (1), publication includes, without limitation, a newspaper and any supplement or enclosure with or part of a newspaper, whether or not such supplement or enclosure is printed by the newspaper.xxx"

Currently, H.B.-377 does not provide a vendors' collection allowance. Such allowance should be provided under Section 28 as follows:

Section 28. Time for payment--notice--offset--collection allowance.

xxx

(4) From every remittance of tax to the department imposed by (sections 1 through 45), the taxpayer may retain an amount equal to three percent thereof as an allowance for collecting the taxes imposed hereunder; except that no amount may be retained if the remittance is not made on or before the due date, including any extensions thereof granted by the department."

Mr. George S. Allen
Executive Director
Montana Retail Association
P. O. Box 440
Helena, Montana 59661

Dear George:

I have reviewed H.B. 377 which would enact a 4% Retail Sales and Use Tax in Montana. As discussed today, I have set forth below the concerns we have with the legislation as drafted:

1. A provision should be added to allow a deduction for bad debts. This provision is essential to retailers.
2. A provision should be added to allow a vendors collection allowance of up to 3%.
3. A provision should be added exempting maintenance agreements.
4. A clarification is needed on the applicability of the tax to repair services. It is unclear whether they would be within or without the scope of the law.
5. The bill would subject improvements to real estate to tax. The preferred approach would be to exempt these transactions thereby having the retailer pay a use tax on the cost of materials used in the contract.
6. The application of the tax to leases or rentals of tangible personal property would be costly to retailers and is not a common feature in sales and use tax laws. We would favor these transactions being exempt from the tax.
7. The exemption for clothing would create many administrative problems. We would favor removal of this exemption.
8. An item of vital importance to retailers is the exemption for advertising materials - newspaper advertising supplements, circulars and catalogs. The bill as currently drafted would not afford relief in these areas as printing is taxable and exemptions are only afforded for newspapers and advertising shipped out-of-state. Clear statutory exemptions of these items is, therefore, needed.
9. There is no provision for administrative hearings on disputed assessments. Hopefully, this is an oversight which will

be corrected in subsequent drafts.

10. The bill adopts several arbitrary provisions on applications of payments and the computation of interest. Payments would be applied first to penalties, then to interest and finally to tax. Interest would also accrue on penalties. Both provisions are totally unacceptable.
11. A provision should be added permitting the use of computer generated returns. These are allowed by most states and ease our compliance burdens.

If you need input or suggested language on any of the above points, please do not hesitate to contact me at (312) 875-9021.

Sincerely,



Marc S. Weinstein
Tax Attorney
Tax Department 970

MSW:jc

cc: James F. Buresh, D/970
Albert S. White, D/970
Terrell E. Schroeder, D/970
Charles P. McKenney, D/980F

Property Relief Tax
Federal Sales Tax
100% Selective Sales Tax Falls

DATE 2-4-87
HB 377

Testimony given before the State Senate and House Taxation Committees on

2/4/87
1/4/87
A. Amodeo
Larry B

I approach you this evening as a member of MONTREC, the sponsor of I-105, but primarily as a Democrat...and a life long one at that...who was defeated in the June primary while running for the State Senate. I believe I lost, because I advocated a sales tax. And, when I say "sales tax" I mean "property tax relief." For some time, standing alone as a sales tax Democrat, I felt ostracized, but now, I no longer stand alone, for thinking people of both political parties realize only too fully, that we must give consideration to joining the 98% of the people of the US who pay it. (re: SALES TAXATION by John F. Due, John Hopkins Press)

I lost by less than one half of one percent of the vote, (41 votes to be exact) last June, and probably, two years ago, I would have suffered a resounding defeat with a sales tax advocacy. But now, politically, the sales tax is diminishing as an albatross around your necks.

While doing some research on the sales tax, I discovered that, it was the Democrats in the earlier days, that proposed the sales tax, so as to fund social programs, and further, of the 45 states that have the sales tax, 35 states signed it into law, over the signature of a Democratic Governor. That is, better than 80% of the sales tax states, saw it come into being, under a Democratic Governor. President Harry Truman was a sales tax advocate. I believe that I am in step with the majority of Democrats in this country, and that the Montana AFL-CIO and the State Democratic Party are out of step, on the Sales Tax issue. Now, 97.5% of the people of these United States, pay a general sales tax. Not a

single state has ever permanently thrown out the sales tax.

Why???...because it works.

A properly designed sales tax, to give relief to the poor by exempting the necessities of life, is a fairer tax to them, than escalating property taxes. Property taxes are the regressive taxes, for they have nothing to do with ones ability to pay. A properly designed sales tax, with a cap on it that could only be changed by a vote of the people could be considered. Montana can draw on the experience of 45 states in drafting the very best bill. Low income people pay a higher percentage of their income for the necessities of life, and under the proper sales tax proposal, those necessities would probably be exempt. And the possibility exists that rebates could be given to low income people, to offset their sales tax changes. So, who winds up paying most of the sales tax?... the middle and high income people...as well, it should be.

I have great difficulty in understanding some leaders of Montana labor groups when they say..."we have always been opposed to a sales tax, and always shall be." That is not the case in most other states, where organized labor has supported the concept, for labor in those states know, that low property taxes mean jobs. Now, Montana labor no longer stands united against the Sales Tax as at least two major Montana unions (The MEA with 7500 members and the Montana Public Employees Association with 7000 members) have joined the sales tax cause, after polling their members.

I recall listening on TV the other night to the former Gov. of

Alabama. George Wallace, who said at one time, that he would NEVER support segregation. During that same program it showed him accepting many years later, in a wheel chair, an honorary degree from a black university, and he acknowledged that it was a highlight of his life and that he was wrong in his fight for segregation. To say that Montanans will NEVER support a sales tax is kin to saying that integration would NEVER come to the South or apartheid will NEVER be defeated in South Africa. I worked some seven sessions in the legislature, including stints as Chief Clerk of the House and Secretary of the Senate, starting back in 1949 and I also said, NEVER to a sales tax. I was wrong!

In those 45 states that have a general sales tax, everyone pays it, including the tax dodgers and evaders. The Federal Government estimates that the underground cash society is worth many millions of dollars a year. Those dollars roll around without any state or federal tax being paid on them. At least, when those dollars buy something, a tax is finally paid. This state is looking more and more to tourism as an industry to bring dollars into Montana. Now the tourists pay NO general sales tax, and enjoy the benefits of our state, cities and towns. Why not let them, and the tax dodgers, help us pay the tax bills in this state?

What worked back then...is not working now. The big corporations have left and are continuing to leave Montana. The property tax burden continues to fall on those of us that are left, whether we are average working citizens or businesses. We can't handle it by ourselves any longer. We need a balanced tax system, now, and the sales tax, for property tax relief, should be part of it. We can't wait any longer. It must be done, NOW!

HB 377

Bob Mullen, Richland County Commissioner and Past President of the Montana Association of Counties, would like to congratulate the sponsors for their bi-partisan effort as evidenced by this bill's introduction. Montana's counties are appreciative of the intentional fortitude displayed by the sponsors of this legislation, and any legislation, for that matter, that will meet the mandate of I 105. A mandate that can only be answered through substantial property tax relief. ^(25%) As a matter of fact, MACo has long held that in order to maintain mandated or required levels of services it would be necessary to establish stable and diverse revenue sources that have the potential for reducing and/or replacing property taxes. To this end, MACo passed a resolution at our last convention that called for the state legislature to adopt statewide alternative revenue sources — principally among the list of options was a sales tax. Outside of a astronomical increase in income taxes, a statewide sales tax remained the only viable option for providing substantial property tax relief as required by a majority of Montana voters.

I find it ^{extremely} exciting, that this legislature has the opportunity, via sales tax proposals such as this one, to provide the tax reform we, Montanans, so desperately need to meet tomorrow's public requirements. Tax reform or broadening of the revenue streams could also provide much needed simplification of our property classification system, an admirable goal in itself. Well structured tax reform, such as a progressive sales tax, will provide to Montana's local and state governments the revenues ^{the revenues ~~are~~ necessary} to provide a more balanced ^(AIR study, 1984 states with most unbalanced system) and more fair taxation system. ~~The effective date of July 1, 1987 would suit counties perfectly, as the date does coincide with our fiscal year.~~ Montana counties support putting the replacement tax in effect by this legislative body. We really see very little alternative at this

When my hat is only a Richland County Commissioner
and recommend the following ^{consideration} ~~amendment~~ to HB 377
and all other subsequent property tax relief measures.

The ^{consideration} ~~amendment~~ I wish to put forth is
with the classes of property taxation. HB 377 ^{as tentatively amended} ~~excludes~~
from the proceeds distribution Classes I (net proceeds),
II (gross proceeds) and III (all land). I have some serious
reservations that the proposed method of distributing the
sales tax collections meets the mandates of I 105, which, I believe
demands substantive property tax relief to all classes. I ~~do~~
would recommend that this Comm. the would instead
review the sales tax option proposed by the Montana
Forward Coalition, which recommends equitable distribution
across all classes of property. Class I, II and III property,
on a statewide basis, constitutes approximately 35% of total
taxable value. In the county in which I am employed
and live - these 3 classes of property comprise a whopping
75% of our total taxable value. In fact, net and gross
proceeds contribute to the taxable valuations in 42
counties and in 14 counties (25%) net and gross proceeds
contribute in excess of 50% of total taxable value.
And it is conservative that we would consider tax
reform that does not take into consideration, and attempt
to alleviate our high natural resource taxes. ^{Rep. Korman's study} ~~These House~~
and Doug Young, ag. econ. faculty members at MSU recently
stated in Montana Business Quarterly that "High tax rates
on the natural resource industry are offset by lower tax
rates on individuals and nonresource businesses." Their
study concluded that the tax burden borne directly by wage
or salary earning families was not high in comparison to
other states, in fact trailing the national average by 7%, but that

"Montana agrees - to issue bonded its higher level of expenditures largely by receipts from taxation of natural resources." By taking the proper steps now, namely property tax relief, we could go a long way in making Montana's natural resource taxes competitive, and perhaps be on the trail ^{to the better natural resource climate of the 1970's} ^{and perhaps} returning, at least some, of the 7,000 - 8,000 (\$20,000 disposable incomes) jobs lost since 1983 in Montana's oil fields and coal mines. Therefore, enhanced property tax treatment of class I, II and III property is really a much needed tool for Economic Development in 42 Montana counties. Economic Development in which Billings and St. Falls are big beneficiaries.

Thank you.

EX
72-4



HANSON-KELLY CONST. INC.

1812 MONAD ROAD • BILLINGS, MONTANA 59102

PHONE (406) 656-9044

EXHIBIT

#12

DATE

2-4-87

HS

377

FEBRUARY 4, 1987

TO: STATE OF MONTANA
1987 LEGISLATURE
HELENA, MONTANA

FROM: RONALD S. SLAYTON
HANSON-KELLY CONST. INC.
1312 MONAD ROAD
BILLINGS, MONTANA

TESTIMONY FOR TAX REFORM

GENTLEMEN:

AS A PARTNER IN A GENERAL CONSTRUCTION FIRM OF PRIMARILY COMMERCIAL/INDUSTRIAL BUILDINGS, CONSTRUCTION, IN GENERAL, HAS A FEW PROBLEMS CLOSELY PARRALLELING THOSE OF THE STATE.

THERE IS NO NEW BUSINESS TO GROW ON. WHAT BUSINESS THERE IS IS MOSTLY REPLACEMENT OR REMODEL OR DOWNSIZING AND THAT BUSINESS IS SIMPLY STOLEN FROM ANOTHER HUNGRY COMPETITOR IN THE NEW BUSINESS STRATEGY CALLED SURVIVAL.

IN OUR COMPANY, IT IS NOT HARD TO SEE WHAT'S HAPPENING TO MAINTAIN ACCEPTABLE BUSINESS LEVELS. LAST YEAR OVER 40% OF OUR CONTRACTS WERE GENERATED OUT OF STATE. STATES WHERE WE WERE PAYING TAXES, BUYING MATERIALS, SUPPORTING OTHER BUSINESSES AND EMPLOYING PEOPLE. AS A COMPARABLE, IN THE PREVIOUS THREE (3) YEARS, WE AVERAGED UNDER 10% OUT OF STATE BUSINESS. SO FAR FOR THE CALENDER YEAR 1987, 64% OF OUR CONTRACTS ARE FROM OUT OF STATE.



DESIGN

OF THAT BUSINESS THAT WAS IN THE STATE, LITTLE OR NONE WAS ATTRIBUTED TO SMALL BUSINESS. THE ECONOMIC SITUATION ON SMALL BUSINESS IS VERY BLEAK.

AS A REACTION, MOST BUSINESSES, FROM BURLINGTON NORTHERN ON DOWN, OURS INCLUDED, HAVE LAID OFF, CUT BACK, AND REDUCED SPENDING AS THE BUSINESS DOLLAR TURNS 6-7-8-9 TIMES, THIS FURTHER COMPOUNDS THE SITUATION.

THERE ARE SEVERAL CAUSES FOR THIS POOR BUSINESS CONDITION:

1. EXCESS GOVERNMENT SPENDING
2. WORKMAN'S COMPENSATION
3. LARGE LIABILITY AWARDS

BUT, I FEEL TAXES ARE AT THE HEAD OF THE LIST.

THESE ARE A FEW OF THE PROBLEMS. I BELIEVE ONE OF THE SOLUTIONS TO THE PROBLEMS AT HAND, IS IN YOUR HANDS IN THE FORM OF A SALES TAX, WITH EQUAL OFFSET TO PROPERTY TAX REDUCTION.

THIS MEASURE WIL SPUR NEW DEVELOPMENT AND GROWTH AND EASE THE BURDEN ON THE EXISTING BUSINESS SURVIVORS.

THIS SALES TAX AND PROPERTY TAX REDUCTION SHOULD BE COMPLETE AND ACROSS THE BOARD, WITHOUT SPECIAL INTERESTS, EXCEPT POSSIBLY FOOD AND MEDICINES.

I WOULD STRONGLY URGE YOU TO VOTE FOR AND SUPPORT THIS LEGISLATION AS WELL AS OTHER TAX REFORM LEGISLATION.

THANK YOU.

RESPECTFULLY SUBMITTED,


RONALD S. SLAYTON

WITNESS STATEMENT

#13
Date 2/17/87
HB 377

NAME Craig Pierson BILL NO. 377
ADDRESS 3110 Forsythia Blvd, Billings (P.O. Box 466/59103) DATE Feb 4, '87
WHOM DO YOU REPRESENT? myself
SUPPORT yes OPPOSE _____ AMEND as proposed
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY. See attached

Comments:

Just give direct ex. option to:

Clothing under \$50⁰⁰ each

Grocery store food

Prescription drugs, & maybe basic medical/dental care

Residential RENTS

Rather than making low-income people file an income tax
rebate form to recapture these monies once a year -
many of them live week to week - give them a break at retail.

SALES TAX and UNIVERSITY SYSTEM

I support the General Sales Tax in lieu of:

- Robbing the Coal Tax Trust Fund
- Destroying the University System
- Paralyzing local schools with defeated voted levies
- A hodge-podge of local option taxes
- Smoke/mirror fund transfers such as from Hiway RTF
- Selective "sin taxes" or higher motor fuel taxes
- Surcharging income taxes **above** that windfall due from the 1986 Federal Tax Reform Act

Use the sales tax to replace some property taxes:

- Replace the statewide U System levy
- Replace the School Foundation levy
- Fix local school levies at current levels, **vote only on increases** desired by local Trustees
- Obey the I-105 mandate and the sentiment of CI-27 voters

To make a sales tax fair we must exempt from the tax:

- Residential rents
- Grocery store food (not dining-out)
- Pharmacy prescriptions (not o.t.c. drugs)
- Clothing items sold for less than fifty dollars
- Level all existing sin/sales taxes to new General rate

A Proposal to cut Duplication and preserve Centers of Excellence at the University System

- * Convert 3 smallest units plus Community colleges to branch campuses and make all credits transferrable.
- * Develop core 2-3 yr liberal arts curriculum statewide
- * Move senior and grad courses in selected majors to the designated Center of Excellence at UM, MSU, or EMC
 - UofM --Law, Pharmacy, Music, Forestry, Botany, Journalism, Business, Performing arts, Communications
 - MSU --Chem, Petroleum, Civil Engineering, Architecture, Agribusiness, Math, Mineral Industries, Sciences
 - EMC --UM Business branch, Education, Foreign Studies
- * Eliminate duplicated majors at multiple units
- * Centralize administration and pay generously
- * Encourage private support with direct tax credits
- * Keep the Regents appointed or get PSC-type quality

MAKE THE CUTS NEEDED--REORGANIZE THE UNIVERSITY SYSTEM--
SET TAXES NOW--DO NOT FUMBLE THE BALL BACK TO THE VOTERS!

Poke-A-Pack

Thomas B. Boyer, P.O. Box 20103,

Billings, MT 59104, 406-652-2867

4
SEARCH #14
DATE 2-4-87
HB 377

January 31, 1987

Dear Gentlemen:

To Whom It May Concern:

HB377

After my phone conversation with Keith Colbo, Chamber of Commerce in Helena and my travels to Helena in person, I didn't feel I had time to express my total situation. The latest news articles didn't mention future goals of my new corporation.

Granted, we all know about my little crayon holder and the direction and projections have little bearing on Montana. This crayon holder sublet to Empire Pencil Company is only one concept of many in my future. Once I have gained profit from sales of this holder, my plans are: To build a manufacturing plant in Billings, Montana. This will allow me to manufacture an unlimited amount of products covered under my present U. S. Patent rights. Some areas are: More holders for all types and sizes of pencils, pens, markers, jumbo crayons, cosmetic inserts for ladies purses, firearms and ammunition holders, packaging concepts, packaging tools for production, then outer-space where gravity is a major problem. We would use this for recycling objects or storing in outer space. There is medical supplies and numerous other areas.

A plant or corporation large enough to handle this capacity: Estimated cost of 8 to 10 million covering extrusion mold and injection mold products. I don't have all the hi-tech-nology to do all this. This corporation wouldn't only handle

RETURN ONE IN ORDER TO RECEIVE ONE

my products but all other Montana plastic products as well. I will hire experts in each specialized technical area to handle this. Montana Science & Technology Alliance Center can help in this regards.

Location? It's been brought to my attention numerous times Montana is too far away from major markets. Gentlemen, we are talking world wide sales. This means Billings, Montana is the right location. Montana does need this type of industry. This corporation starting up would employ 25 to 35 employees and as it grows it will employ from 200 to 500. My start-up and manufacturing in Billings is estimated at about 2,500,000.00 with 35 employees. This price is estimated by a manufacturer I have been dealing with. I have reason to believe this is a very close and accurate figure.

The catch now is taxes. We need to restructure our taxes to be competitive nation-wide and have fair balance taxation. True, I don't know all the taxes and laws. But I do understand common sense, especially when I see business closing and people leaving the state. This shows me it is a high risk state. I love Montana. I love to hunt and fish. I love all my closely related friends and business acquaintances and our Montana friendly people. Montana is like a luxurious National State Park in itself.

Lets stop selling bulk quantities and gain little. Lets start living off our own land. Montana can be competitive manufacturing and selling our products across the nation and other countries. Other states have been doing it and are proving successful. Sure the American dollar value dropped and everyone or other states are hurting. Montana is hurting worse and still falling.

Ranchers should slaughter their beef and sell it nationally. Farmers should manufacture their own grain into flour and products along with dairy products. Lumber industries should be able to manufacture furniture and other products canning - clothing - plastics - mining or what have you. Montana Silver Smith is doing it right out of the ground from start to finish world-wide sales. They have a precious metal and an art. This is a specialty item they can name their own price. But dealing with bread, soup, clothing and some plastics, we have to be competitive. Whether it's on the shelf here in Montana, N.Y., Tennessee, Texas or California, or Europe, Japan or Taiwan.

I am only one little Montanan speaking out from my heart for all Montanans as realtors, builders, developers, laborers, workers, ranchers, farmers, doctors, lawyers and all businessmen and industries. I have talked with thousands of people knowing and understanding what they want and need.

Even state workers, congressmen and government employees would enjoy raises to continue helping with their services.

We need more people and jobs to support all of Montana and its services.

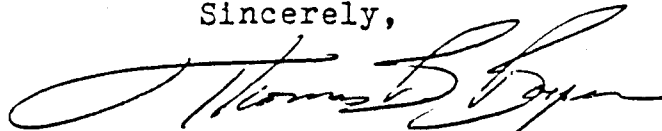
If Montana can show me a better direction, future and reason to stay here, I will be the first to announce it.

What can Montana do for me if I'm willing to do what I can for Montana?

Ask not what your country can do for you but what can you do for your country? JFK

I may not be able to help the whole country, but I can start with helping Montana's economic turn-a-round with the support of Montana Coalition, Billings Chamber of Commerce and Forward Billings and in return my support to them. *WE ALL SUPPORT SALES TAX*

Sincerely,



Thomas B. Boyer
Entrepreneur

24 Copies

Testimony of Rep Keenan:

#15
2-4-87
377

I rise in opposition to HB 377. The question the people of Montana need to ask about HB 377 is: Who pays and is it fair?

Montanans presently pay property taxes, income taxes and today we are proposing that they pay a sales tax. The sponsor and proponents of HB 377 would like Montanans to believe that if we pass a sales tax, Montanans we receive property tax relief. If you recall when this debate started some months ago the first offering from the proponents was that all ~~of~~ our property taxes would be replaced. But that's not feasible now and we've moved to the current proposal that some of our property taxes will be reduced.

I would like to address what the average Montana would see in the area of property tax relief under this proposal.

If you take the average market value of a home in Montana of average quality, average grade and size and an average lot it would sell for about \$55,000.

A homeowner would pay \$385.⁰⁰ in property ^{taxes} in Baker, the same property in Lewistown would be \$1,067.74 and in Polson \$633.⁰⁰

Under this proposal the average Montanan homeowner would see \$166.⁰⁰ in property tax relief. They will pay on the average \$393.⁰⁰ per household in a sales tax. That leaves \$227.⁰⁰ additional tax on Montana citizens.

There are many myths floating out there about the sales tax.

Myths:

- sales tax will replace property tax
- Montanas will then pay less taxes overall
- that the sales tax (by replacing property tax) will lead to economic development
- ~~fair~~ sales tax is fair

Facts:

- sales tax will replace property tax for major industry in this state (eg: Decber coal 3.7m) not the average home in Montana \$166.⁰⁰
- Montanans will pay more in overall tax burden \$227.⁰⁰ (fiscal note)
- the sales tax will lead to economic development not true! small business

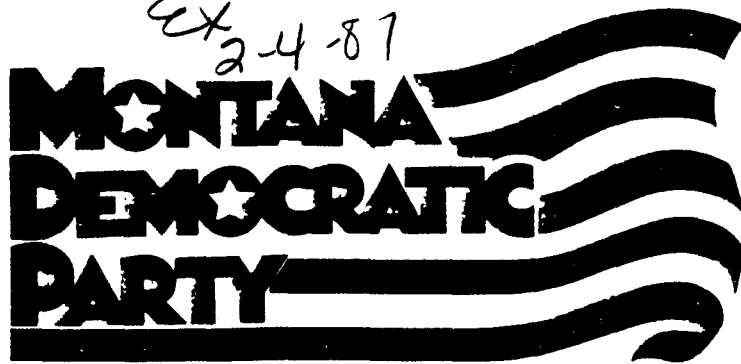
5

looses competitively against big corporation
because they have less flexibility than
large corporations ~~because they have less~~ in
~~flexibility than large corporations~~ making
adjustments to recoup lost income
resulting from the sales tax.

Who pay? Is it fair? The average Mr
will pay more ~~by~~ businesses will benefit
Consequently the shift of taxes from
some businesses on to the consumers.

There are no new \$ for the University
system, nor schools nor other important
services once the property tax relief
has been given.

The sales tax is a very leaky bucket
in which to carry relief ~~in~~ ~~which~~ to
~~to~~ put out the property tax fire.



#16
2-4-87
377

Testimony of Donna Small, Vice Chair, Montana Democratic Party
House Bill 377
House Taxation Committee
February 4, 1987

Mr. Chairman,

My name is Donna Small. I come before you today to speak on behalf of the Montana Democratic Party. The Democratic Platform leaves no question as to what I shall say here today. During our platform convention last summer, the delegates reaffirmed our quarter-century opposition to a general sales tax by unanimously adopting the following plank:

"We adamantly oppose a general sales tax."

The statement is clear and the language is strong. The Montana Democratic Party is against a sales tax. The Montana Democratic Party is opposed to House Bill 377.

It is not true that there is no solution to Montana's economic problems other than imposing a general sales tax. In fact, a sales tax will contribute to our problems. It will place an even greater financial burden on Montana's farmers and ranchers, main street businesses, and working people who are already suffering enough because of the failed economic policies of the Reagan Administration. Those failed policies must be changed if Montana is to prosper once again.

A sales tax is a regressive tax. Even with exemptions, rebates and deductions, it cannot be made progressive.

The purpose of a sales tax is to shift the tax burden from high income individuals and corporations to low and middle income people. Chamber of Commerce boss Buck Boles confirmed this recently when he called on the legislature to "stop penalizing success (through the income tax) and start taxing consumption!"

Montana Democratic Central Committee • Steamboat Block, Room 306 • P.O. Box 802 • Helena, MT 59624 • (406) 442-9520

Executive Board

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Kay Blehm Democratic Women's Club Billings	Carol Gordon Co. Chairs Assoc. Colstrip	Dennis Small Young Democrats Missoula	Rep. Hal Harper Helena	Sen. Bill Norman Missoula	Rep. John Vincent Bozeman	Sen. Fred Van Valkenburg Missoula

A general sales tax is an extension of the "trickle down" economic theory practiced by the Reagan Administration. There is no justification for Montana to embrace that disastrous doctrine. It has 31 states on the verge of economic collapse. Almost every one of those states has a sales tax and it hasn't helped their economies. Montana should not be part of a scheme that makes the rich richer and everyone else poorer.

We recognize additional revenue is needed to finance the essential governmental services, such as our schools, the University system, our social programs, but it must be derived from taxes based on ability to pay --- such as the income tax. Montanans, in the past, have responded to financial crunches by using the fairest, most equitable revenue sources. Responding to our current situation by levying a general sales tax would be a betrayal of our historic commitment to a fair, equitable tax structure in Montana.

Once again I will state our position.

The Montana Democratic Party is opposed to a general sales tax -- therefore the Montana Democratic Party is opposed to House Bill 377. Any general sales tax passed by this legislative body would be a major change in our revenue-producing formula and is deserving of a full airing and public debate before the voters of this state. If necessary, the Montana Democratic Party will take the lead in securing the necessary signatures to assure that the voters of Montana will get the final say on this issue.



EXHIBIT #17
DATE 2-4-87
HB 377

Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59624
406/442-1708

TESTIMONY OF JIM MURRY ON HOUSE BILL 377 BEFORE THE HOUSE TAXATION COMMITTEE,
FEBRUARY 4, 1987

Mr. Chairman, my name is Jim Murry and I am here today on behalf of the Montana State AFL-CIO to testify against House Bill 377.

Mr. Chairman, it is time for all of us to consider Montana's future and to lay our cards on the table. House Bill 377 proposes a four percent general sales tax, even though Rep. Ramirez has stated that "there's not exactly a stampede to enact a sales tax . . ."

Mr. Ramirez is absolutely correct that there has not been a stampede to enact a sales tax and for very good reason. The simple fact is that sales taxes are, and I quote Republican Senator Robert Packwood of Oregon, "the most regressive, most unfair tax imaginable."

The reasoning behind sales tax unfairness is simple. As a person's income increases, the proportion of income which is taxed falls. As a result, the wealthy are taxed significantly less as a percentage of total income than the poor.

Moreover, wealthy individuals tend to consume goods and services such as stocks and bonds, legal and accounting services, travel abroad, etc., which are not subject to sales taxes.

The poor in contrast, whose spending is by necessity devoted almost entirely to buying essential items, pay inordinate amounts of their incomes under sales taxes.

Tax reform must not empty the pocketbooks of the majority of Montanans while increasing the profit margins of large corporations and the stock portfolios of wealthy individuals.

Mr. Chairman, any so-called property tax relief generated by sales taxes will only be an illusion to the average Montanan. It's clear that sales taxes are nothing but tax hoaxes which will soak the poor to benefit the rich. Currently, 75 percent of property taxes in Montana are paid by corporations and businesses. In the case of Montana Power, a 30 percent property tax reduction would save them \$7 million, while the average homeowner in Missoula would save less than \$201.

If a sales tax is enacted, the same Missoula homeowner would see the property tax savings wiped out by an enormous sales tax increase. To give you an example: an average Missoula homeowner with a \$50,000 home and a family of four paid \$603 in property taxes in 1985. By reducing his property taxes 30 percent, the homeowner saves \$201. But with a five percent sales tax, the homeowner will pay approximately \$696 per year in sales taxes. This would mean an overall tax increase of \$495 per year! (*Assumes a 5% sales tax with exemptions for groceries, prescriptions, real estate and mobile

home sales; a \$174 per capita sales tax burden; and an average county-wide mill levy of 353.)

Clearly, sales taxes would not relieve the tax burden for the majority of Montanans.

Finally, Mr. Ramirez asks that a sales tax be enacted without voter approval. Historical precedent indicates that Montanans strongly oppose a general sales tax. In 1971 our state voted down a sales tax by a 70-30 percent margin. We are confident that the citizens of this state would again reject unfair and inherently inequitable sales taxes.

Montanans do not want to follow in the footsteps of the 15 states which currently tax the poor at rates more than double the rich. Montanans do not want to share company with the 10 states where middle-income families pay at least twice as great a tax burden than wealthy individuals. As a national study conducted by the Citizens for Tax Justice stated, "with very few exceptions state tax systems are shocking in their inequity."

Montana's working men and women, mainstreet business owners, farmers and ranchers, the elderly, senior citizens and those on fixed incomes are currently locked in a desperate struggle for survival. Our state's economy is in dismal shape. Optimists predict very slow growth, if any, while pessimists see at least two more years of a continued slide.

However, Montana is not alone in struggling to balance its budget and provide a sound economy. We are simply one of 31 states, holding half the entire population of the United States, which are currently on the brink of economic disaster. More than one-third of our states are struggling, as Montana is, to balance their budgets by spending cuts. As Gerald H. Miller, executive director of the National Association of State Budget Officers stated, "the economy is not just producing rainy days, it is battering states' budgets with hurricane force."

Until our national economic and trade policies are changed, Montana's economy will not improve measurably. With this in mind, it is paramount that we do not enact sales taxes which balance the budget on the backs of the vast majority of Montanans to the exclusion of wealthy individuals and large companies.

Montana is facing a severe budget deficit which cries out for tax reform. But a sales tax is not the answer. The answer is a progressive tax system in which people and companies pay according to their means. Montana's working men and women should carry their fair share and no more.

EXHIBIT # 17a
DATE 2-4-77
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Fischer - Oppen
EX
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2-4

In regards to our farm problems and farm programs naturally brings on a gush of theories on what is needed to save the family farm or any other farm or small business.

In our rush to improve things we always look from status quo upwards and if we should be successful in implementing that which will bring us more for our product, we wind up with less demand and costing the taxpayer more. Why in the world can't we look over our shoulder and analyze our tracks. Maybe we have moved too far forward on the wrong track in our rush to become rich and found that, such as Greytac, could take advantage of our efforts.

We certainly can't ask more for our products that no one wants so why try to increase the price?

Our problem was not born on the farm and ranch nor in the small business area. Double digit interest rates, and double digit inflation along with the high cost of energy, insurance, production equipment and maintenance all come to us from outside the small business parameter.

and the higher cost of production only prices us out of the world market.

The farmer-rancher and small business must look elsewhere for their profits and the evaluation of our past activities, or inactivities, which ever it may be, should take precedence above all other.

It is too late to correct what double-digit interest rates have done and we certainly can't do anything about the result of double-digit infaltion that still haunts us, as well as, the farm equipment manufacturers who are having problems and moving into other more lucrative fields.

The area that is calling for correction is in the field of taxation. We have been allowing too much of our adjusted gross income to slip out of the state through the stock market and other out of state investments and creating an anemia at home. With this anemia we are trying to fund our schools and government which translates into consumer taxes that are more then five times higher then our personal income taxes and paid with the same kind of dollars.

State income taxes paid in 1986, \$171.0 million.

Property taxes paid in 1986, \$590.9 million.

Other state collections, 1986 \$299.3 million.

Both the property tax and the other collections, which are selective taxes, are consumer taxes and in certain instances produce profits for the taxpayer as in the case of regulated companies such as the Montana Power company.

To further protect adjusted gross incomes, there are those who would impose a sales tax in the state, saying that a broad-based tax structure would be the way to go. It however, does not wash as being fair in that it would only increase consumer taxes that now are creating all the funding frustration and disregarding ability to pay.

To stem this loss of wealth from our state, we must realize more value from the adjusted gross income through increased personal income taxes. We must eliminate a large portion of our property taxes, as well as, corporation taxes. We must do away with selective taxes, such as, gasoline, cigarett and other such taxes and most certainly forget about the sales tax.

Until we do this we will not have a better business climate in Montana.

1986 REPORT OF THE MONTANA DEPARTMENT OF REVENUE;

PROPERTY, MARKET- VALUE	---	\$27,695,787,255.
TAXABLE VALUATIONS	---	2,308,229,404. - .083% OF MKT.V
TOTAL PROP.TAXES PAID	---	590,939,425. -.021% OF MKT.V
<hr/>		
ADJUSTED GROSS INCOME	---	\$5,292,505,863.
MT. TAXABLE INCOME	---	3,201,214,296. -.604 OF A.G.I.
MT.PERSONAL INCOME TAX PAID	---	171,067,177. -.053% OF A.G.I.
<hr/>		
OTHER COLLECTIONS	---	\$299,345,831. SELECTIVE, ETC.
<hr/>		
ALL CONSUMER TAXES	---	\$590,939,425. PROP. TAXES.
		+299,345,831. OTHER COLLEC.
TOTAL	---	=890,285,256. CONSUMER TAX.
<hr/>		
PLUS 3% SALES TAX (APPROX)	---	\$150,000,000. CONSUMER TAX.
NEW CONSUMER WOULD BE	---	\$1,040,285,256.
MINUS 45 & 6 MILLS, EDU. COST	---	-119,604,680.
REDUCED CONSUMER TAX WOULD BE	--	\$920,680,576.
TAX INCREASE OVER 1986	---	\$30,395,320. CONSUMER TAX

THE SAME RESULT CAN BE HAD BY INCREASING THE PERSONAL INCOME TAX BY \$150 MILLION AND LEAVE DOLLARS AT THE LOCAL LEVEL FOR BETTER BUSINESS CLIMATE.

COST OF EDUCATION	-----	\$343,102,378.
UNIVERSITIES;	-----	13,806,079.
COUNTIES;	-----	125,018,969.
FIRE AND OTHER;	-----	33,861,890.

A SALES TAX is a guise to progressively protect big incomes while progressively taxing lower incomes.

A SALES TAX tramples human rights of those who must deny themselves the better things of life due to lack of income.

THE SALES TAX is a state tax that leaves the rural area and only in part comes back through the school foundation program.

A SALES TAX does not correct our tax structure but instead adds to it.

A SALES TAX becomes a hidden tax when applied to business and industry and the consumer SALES TAX becomes a tax on tax.

A SALES TAX cannot be written but what it can't be amended and re-enacted, always upward and deleting exemptions. Legislature has the power to do this.

A SALES TAX is an administratively certain tax in time of affluence, recession or depression. It must be paid.

Cities in a SALES TAX state may initiate their own sales tax for city purposes and rural people receive no benefit from the added tax.

A SALES TAX will tax welfare, social security and unemployment compensation now tax free. Along with inflation, it helps to erode fixed incomes.

THE SALES TAX will tax farmers and ranchers heavier than the general public due to high cost of operation.

A SALES TAX will not reduce taxes. Ask anyone from a sales tax state.

A SALES TAX is a penny anti tax that must be computed with every sale. Small retailers must separate taxable and nontaxable sales for tax purposes.

A SALES TAX grows and is a constant companion of inflation. It would have quadrupled in the last ten years.

To impose a SALES TAX on 780,000 Montanans to catch a few tourists of which 75% are Montanans, is poor logic.

THERE IS NO tax on the purchase of stocks, bonds, CDs Money market certificates and especially municipal bonds, free of tax on both ends.

A new SALES TAX would only add to our present consumers taxes that now are more than 5 times greater than the personal income tax. \$890 million to \$171 million of income taxes.

Once a SALES TAX, or any other tax, is adopted it is impossible to repeal.

The Montana tax structure has a trend that must be turned around if we are ever to have a good business climate here. Too many of our dollars are leaving the state and leaving consumer taxes, that are not adequate, to fund our schools and government. Remember, a SALES TAX is another consumer tax.

STATEMENT OF JOHN D. LAFAVER
HOUSE TAXATION COMMITTEE
FEBRUARY 4, 1987

#18
DATE 2-4-87
HB 377

MR. CHAIRMAN:

I AM JOHN LAFAVER, STATE DIRECTOR OF REVENUE, APPEARING ON BEHALF OF THE ADMINISTRATION OPPOSING HB377. BECAUSE OF THE LENGTHY TESTIMONY YOU HAVE ALREADY HEARD THIS MORNING, I WILL BRIEFLY SUMMARIZE THE PROBLEMS THIS BILL PRESENTS.

1. THE GOVERNOR HAS STATED CLEARLY AND REPEATEDLY HIS OPPOSITION TO INCREASING TAXES. THERE MAY BE DIFFERENT INTERPRETATIONS OF THE NOVEMBER 1986 VOTE. BUT NONE ARGUE THAT THE VOTERS WERE ASKING FOR HIGHER TAXES.

MR. RAMIREZ HAS INDICATED THAT THE WAY TO PASS A SALES TAX IS TO, IN EFFECT, RAISE TAXES. I SUGGEST THIS MAY BE THE ONE SURE WAY TO KILL THE BILL. WHATEVER SALES TAX PROPOSAL IS FINALLY AGREED TO IN THIS LEGISLATURE, IT SHOULD NOT SERVE TO INCREASE TAXES AND GOVERNMENTAL SPENDING.

2. GIVEN THE LONG HISTORY AND CONTROVERSY OF A SALES TAX IN MONTANA, WE NEED TO FACE THE REALITY THAT THE VOTERS THEMSELVES WILL DECIDE THIS ISSUE. UNDER OUR CONSTITUTION, THE PEOPLE RESERVE SIGNIFICANT POWER TO THEMSELVES. YOU CAN BE SURE THEY WILL EXERCISE THAT POWER IF THE LEGISLATURE ENACTS A SALES TAX -- PARTICULARLY ONE THAT INCREASES THEIR TOTAL TAXES.

REPRESENTATIVE RAMIREZ HAS STRESSED THE URGENCY OF THE SITUATION -- THAT SALES TAX DOLLARS ARE NEEDED BY THIS JULY. THERE ARE A COUPLE OF PROBLEMS WITH THAT VIEW:

1. GOVERNOR SCHWINDEN'S BUDGET IS BALANCED WITHOUT A TAX HIKE; THERE IS NO URGENCY TO RAISE TAXES.
2. IF A SALES TAX WERE ENACTED THIS AFTERNOON, WE WOULD NOT SEE ANY MONEY UNTIL JULY 1988. A MAJOR NEW TAX AFFECTING THOUSANDS OF BUSINESSES AND MILLIONS OF PURCHASES WILL TAKE A SIGNIFICANT PUBLIC INFORMATION AND SYSTEMS DEVELOPMENT EFFORT. STAFF NEEDS TO BE HIRED AND TRAINED; A NEW AUTOMATED PROCESSING SYSTEM WOULD HAVE TO BE BUILT; COMPREHENSIVE ADMINISTRATIVE RULES WOULD NEED TO BE ADOPTED (THE MOST INNOCUOUS RULE TAKES THREE MONTHS TO PROMULGATE). LEAD TIME OF A FEW WEEKS SIMPLY WON'T WORK.

FINALLY, THERE HAS BEEN SOME DISCUSSION ON THE HOUSE FLOOR CONCERNING THE GOVERNOR'S SALES TAX PROPOSAL. A REQUEST WAS MADE TO THE LEGISLATIVE COUNCIL ON JANUARY 14 AND PUT IN THE LONG WAITING LIST OF BILLS DOWN THERE. WE ARE ADVISED IT MIGHT BE AVAILABLE LATE FEBRUARY OR EARLY MARCH. A COMPLETE BILL DRAFT HAS BEEN DELIVERED TO THE COUNCIL AND WE WOULD RESPECTFULLY REQUEST THE CHAIRMAN OF THE TAXATION COMMITTEE AND THE HOUSE LEADERSHIP TO EXPEDITE PREPARATION OF THE GOVERNOR'S SALES TAX PROPOSAL IF THIS WOULD BE HELPFUL TO THE LEGISLATURE.

IN SUMMARY, NOW IS NOT THE TIME FOR HIGHER TAXES. WE NEED TO TIGHTEN OUR BELT A NOTCH, PUT A LITTLE LESS IN OUR SAVINGS ACCOUNT, AND PRESENT A RESPONSIBLE CHOICE TO THE VOTERS ON A SALES TAX IN 1988.

WOMEN'S LOBBYIST FUND

Box 1099
Helena, MT 59624
449-7917



EXHIBIT #20
DATE 2-4-87
HB 377

Testimony--House Bill 377, Feb. 4, 1987

Mr. Chairman and members of the committee,

My name is Barbara Archer. I speak on behalf of the Women's Lobbyist Fund. The WLF board has looked long and hard at taxation issues and for the first time has included a taxation plank in its agenda and as well, has developed guidelines for setting taxation policy.

We'd like to raise some questions about the gender impact of a sales tax using those guidelines.

1) Is it fair? Is it a tax on those most able to afford it?

Our research indicates that a sales tax, no matter how it is designed is likely to place an unfair share of the obligation to generate revenue upon women and children. Most women are in middle and low income brackets and are constantly shifting into even lower brackets. In addition, women and children are the poorest of the poor. A sales tax, even with exemptions, requires those with lower incomes to pay a larger percentage of their income in sales tax. In other words, it is a regressive tax.

We find that it works this way: A sales tax is a tax on consumergoods. A middle or low income woman usually spends every dime she makes on the necessities of day-to-day living. All of her money is spent as a consumer. She will not be using any part of her income on personal service or to purchase stocks and bonds or other non-taxable investments or in generating new revenue for herself. A sales tax is a tax on those least able to afford it and it falls more heavily on individuals than on business.

A proposal to use a sales tax as a full or partial replacement for property tax on business is a shift from taxing production to taxing consumption. Householders do need property tax relief. Residential tax should be reduced. Household property is not income producing. However, shifting residential property tax to a sales tax will not benefit most home owners. Benefitters are those who own enough property to get a break greater than the sales tax they will pay.

Property tax replacement does not help out renters, who are most likely to be lower income people. They would get no relief and would pay an additional new tax.

The WLF supports the governors' request to close tax loopholes. Loopholes generally give breaks to income producing businesses--those who have the most ability to pay and to generate new income to make up for the tax loss.

2) Our second question is: Are proposed taxes sufficient to fund state and local government?

Women and children, due to economic disadvantages, are often recipients of state services. There must be sufficient revenue to fund those services, services which provide education and otherwise enable women and their families to become tax-paying citizens and contributing members of society.

3) Thirdly, are the proposed taxes designed to create fair economic development in Montana? Taxes generated must be re-invested in Montana. Will the proposed taxes give women the most opportunity to be gainfully employed and to be tax-paying citizens? The state is an important source for encouraging investment in Montana through progressive tax policy and other direct incentives. We've waited long enough for regressive trickle-down policies to revitalize the economy. We fear a sales tax would exacerbate the economic problems that already exist for women and their families.

(continued)

WOMEN'S LOBBYIST FUND

Box 1099
Helena, MT 59624
449-7917



(Testimony, HB 377, continued)

We think the questions we've raised are important for you to ask as you make decisions about our future, our ability to survive, and indeed, our ability to prosper as the majority of the citizens of Montana.

We appreciate the difficulty of the task ahead of you and offer our support, assistance, and encouragement in the days ahead.

Thank you.

Before we buy into this sales tax as a solution to our budget problems we should review some recent history of taxes, budgets deficits and even budget surpluses. Some interesting, disastorous things seem to have happened.

We were led to believe that tax incentives, such as ACRS, indexing, dropping the inventory tax and others would provide the business incentive, enhance the business climate image to attract capital investment to create new jobs and opportunity. What happened? It just doesn't seem to be happening.

Now we are told if we just had a sales tax, these goodies are sure to materialize. Just why didn't we think of this before? I see a lot of familiar names advocating this sales tax that appeared as backers of the loopholes mentioned. They seem to be saying, "Don't tax the coal that benefits the foreign corporations, tax the coal miner and his family." "Don't tax the resort hotel owners, tax the chambermaids and waitresses." "Tax the faithful tourists who is waiting with abated breath at our borders to come in and spend their money for our sales tax.

These people point to Washington state and California as sales tax utopias. They don't tell us that these states have cost-plus defense industries with vast amounts of federal tax dollars to spend. The sales tax didn't relieve residential property taxes in these states. Washington state is seriously considering the income tax again. The 8% sales tax just doesn't seem to be doing the job.

It won't do it here either.

MONTANA LOW-INCOME COALITION



P.O.Box 1029
107 West Lawrence
Helena, Montana 59624

(406) 449-8801

<i>Statewide</i>	MONTANA ALLIANCE FOR PROGRESSIVE POLICY MONTANA HRDC DIRECTOR ASSOCIATION MONTANA LEGAL SERVICES EMPLOYEES LOW INCOME SENIOR CITIZENS ADVOCATES MONTANA SENIOR CITIZEN ASSOCIATION NORTHERN ROCKIES ACTION GROUP
<i>Helena</i>	LAST CHANCE PEACEMAKERS COALITION
<i>Missoula</i>	LOW INCOME GROUP FOR HUMAN TREATMENT NATIVE AMERICAN SERVICES AGENCY
<i>Great Falls</i>	CONCERNED CITIZENS COALITION
<i>Butte</i>	BUTTE COMMUNITY UNION
<i>Bozeman</i>	BOZEMAN HOUSING COALITION

EXHIBIT #21
DATE 2-4-87
RE 377

MR. CHAIRMAN AND COMMITTEE MEMBERS:

MY NAME IS SUE FIFIELD AND I'M A LOBBYIST FOR MONTANA LOW-INCOME COALITION.

MONTANA LOW-INCOME COALITION OPPOSES ANY SALES TAX DUE TO THE IRREPARABLE DAMAGE IT WOULD CAUSE TO THE QUALITY OF LIFE OF LOW-INCOME PEOPLE.

SALES TAX HURTS THE LOW-INCOME POPULATION BECAUSE ALMOST 100% OF THEIR INCOME IS CONSUMED ON THE NECESSITIES OF LIFE, THEY WOULD THEREFORE HAVE TO MAKE EVEN DEEPER CUTS INTO THEIR ALREADY BAREBONES BUDGET DRIVING THEM DEEPER INTO POVERTY.

ANOTHER POINT TO BE MADE AGAINST SALES TAX IS THAT IT WILL NO LONGER BE ALLOWED AS A FEDERAL DEDUCTION WHEREAS PROPERTY TAX AND INTEREST PAID ON YOUR HOME WILL STILL BE ALLOWED AS A DEDUCTION.

THE CLAIM THAT LOW-INCOME PEOPLE DON'T PAY PROPERTY TAX IS A FALLACY. ALTHOUGH THE MAJORITY OF LOW-INCOME CAN NOT AFFORD TO OWN THEIR OWN HOME THEY MUST THEREFORE RENT. PROPERTY TAXES ARE INCLUDED IN THE COST OF THE RENT, THEREFORE THEY DO PAY PROPERTY TAXES.

ANY TAXING SYSTEM SHOULD BE EQUITABLE, THOSE WHO RECEIVE THE GREATEST BENEFITS FROM SOCIETY SHOULD BE THE ONES TO RETURN BACK THE MOST TO SOCIETY.

THANK YOU FOR YOUR ATTENTION TO THIS MATTER.

WITNESS STATEMENT

EXHIBIT #22
DATE 2-4-80
HB 377NAME LEROY KEILMAN BILL NO. 377
ADDRESS 837 RADFORD Sq. Billings, MT. 59105 DATE 2/4/87
WHOM DO YOU REPRESENT? Mont. Federation of Association of Retired FEDERAL Employees
SUPPORT _____ OPPOSE X AMEND X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

- ① It will give low income people less money to support local economy
- ② It will not unemployed, poor, low income, Elderly more and high payed top income people less
- ③ It will only give 50% of the money collected, with other going to business and administration
- ④ It will discourage retired people staying in Montana or would move here
- ⑤ People should pay according their income
- ⑥ It is generally a very regressive tax.
- ⑦ Let's NOT increase taxes
- ⑧ I have property in 4 countries, property taxes are OK only the state's appraisal system in paywire

With all respect to the Director & his excellent Secretary
 But on our FARM we only used ONE Legged
 Milk stools & they were safer and easier to balance
 than 3 or 4 legged stools. They were less
 costly to build and maintain.

Taxes hurt poor more than rich

WASHINGTON (AP) — Most state and local taxes have become so unfair that families making over \$500,000 a year pay a smaller share of their income to the tax collector than those living below the poverty line, a study concluded Wednesday.

In two states — Wyoming and South Dakota — the poor pay a percentage of their income that is four times as large as paid by the rich, the study found. Fifteen states tax the poor at a rate more than double that applied to the rich. In 10 states, the burden on middle-income families is at least twice what the rich pay.

Taxes

From Page One

wealthiest Americans will continue to pay smaller shares than will the poorest families, the study said.

If all states conformed, it said, "the share of income paid in state and local taxes by the super-rich would rise from 73 percent to 91 percent of that paid by the poor, and from 75 percent to 92 percent of that paid by middle-income families."

Those states that do not conform to the new federal law will collect more revenues, in some cases significantly more.

"Federal tax reform provides states with a golden opportunity to close the loopholes that have made state tax avoidance possible," Citizens for Tax Justice said. "What better way of raising needed revenue than by reclaiming the tax windfall enjoyed for so long by the rich?"

The study listed three causes for what it called the disgraceful state of

"With very few exceptions, state tax systems are shocking in their inequity," Citizens for Tax Justice said in releasing the study. The Washington-based organization, whose research was a moving force behind the 1986 federal tax overhaul, is financed by unions and several groups that line up on the liberal side of social issues.

Citizens for Tax Justice used the study to kick off a campaign to rewrite state and local taxes in the wake of federal overhaul.

"Federal tax reform has closed many of the loopholes that have made avoidance of the federal income tax possible," the

study said. "States that follow the federal lead also will put the tax avoiders back on their tax rolls and, by doing so, create a far more level playing field for all taxpayers."

The new federal system has a major effect on state systems because most of the 43 states that have income taxes model them after the federal tax. The new law wipes out or reduces several federal deductions, cuts rates and increases personal exemptions.

Even if the states amend their income taxes to reflect the federal changes, the

(More on Taxes, Page 14A)

In calculating comparative state and local tax burdens, the study

divided taxpayers into seven income levels, ranging from the poorest 20 percent (whose incomes average \$7,564) through middle income (averaging \$27,266), to the super-rich, the top 0.7 percent, whose earnings average \$527,241 a year.

On a national average, the poorest people paid 6.9 percent of their earnings in state and local taxes, a figure that will rise to 7.1 percent under the new federal law. The middle-income families paid 6.8 percent, which will go up to 7.1 percent; the super-rich paid 5.1 percent, which goes up to 6.5 percent.

state and local taxes:

- Allowance of basically the same tax preferences — loopholes, opponents call them — permitted under the old federal law.

- Inaction on the part of the states to periodically raise personal exemptions, which are of major benefit to lower-income groups.

- Increasing reliance on sales taxes, whose impact falls most heavily on the poor.

Because of recent inflation, the study said, personal exemptions have been cut to less than half their value in 21 states. There also have been 46 state sales-tax increases over the past five years.

EXHIBIT

DATE 2-4-87

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Post-1936: A Federal Government of Un-limited Powers?

USURPATION OF POWER BY FEDERAL OFFICE-HOLDERS
over the prohibited areas of activity named in the 1930 Roosevelt address has since come to be the practice in wholesale fashion. Commencing in 1937, this has developed through the cooperation of the three Branches: executive, legislative, judicial — the President, Congress and Supreme Court. Officials, past and present, of various political affiliations, share the responsibility for this. Power over these prohibited areas has been grasped, in varying degree, although the people have not adopted any constitutional amendment since 1930 increasing the power of the Federal government. In fact, the Twenty-first Amendment repealing the Prohibition Amendment actually decreased its power.

FEDERAL OFFICE-HOLDERS IN THE THREE BRANCHES HAVE THUS GRASPED AND ARE EXERCISING FREELY VAST NEW POWERS WITHOUT "THE CONSENT OF THE GOVERNED" (THE SELF-GOVERNED, THE PEOPLE) WHICH COULD PROPERLY HAVE BEEN GIVEN ONLY BY WAY OF CONSTITUTIONAL AMENDMENT. THIS IS THE PRECISE DEFINITION OF USURPATION OF POWER. THE PRACTICE INCREASES STEADILY ON AN EVER-ENLARGING SCALE.

The grave danger to Liberty involved in this development — even in its initial phase — was publicly noted by President Roosevelt himself in his "Annual Message" to the nation on January 3, 1936, when he said:

"... in thirty-four months we have built up new instruments of public power. In the hands of the people's Government this power is wholesome and proper. But in the hands of political puppets of an economic autocracy such power would provide shackles for the liberties of the people."

The main point of interest in this connection, for present purposes, is the fact that it was the mere existence of such a dangerous concentration of power in a central government which was, above all else, to be barred forever from America in the view of Americans of 1776 and 1787 — leaders and citizenry alike. Their idea was that the creation of such power should be prevented in the first place because power which does not exist cannot be abused to the injury of the people's liberties. It is clarifying at this point to re-read the previously quoted statements by Patrick Henry about the error of assuming public servants will be "good" and by Jefferson about

EXHIBIT

DATE 2-4-87

Man-in-Government: "... let no more be heard ^{the} confidence in man, but bind him down from mischief by the chains of the Constitution."

This expansion of Federal power, thus authoritatively described in early 1936 as having already become potentially dangerous, had been accomplished in disregard of the Constitution and of the Supreme Court because, during those thirty-four months, the Court had held steadily, firmly to the century and a half old constitutional principles, had adhered faithfully to the previously discussed limits on Federal power. During this period, the Court had declared several new Federal laws to be unconstitutional and void as having violated these long-established principles and limits.

The Court had so decided unanimously, for instance, in the famous 1935 case involving the National Industrial Recovery Act. This law had been adopted by President and Congress in 1933 with the aim of having the Federal government exercise vast new power over the field of business. The Court decided that it violated the Constitution's limits on Federal power and was therefore void. Note that power over the conduct of "business" was one of the powers specified in the 1930 Roosevelt address as never having been given to the Federal government. Speaking for the Court in this case, Chief Justice Hughes said:

"Extraordinary conditions may call for extraordinary remedies. But the argument necessarily stops short of an attempt to justify action which lies outside the sphere of constitutional authority. Extraordinary conditions do not create or enlarge constitutional power. The Constitution established a national government with powers deemed to be adequate, as they have proved to be both in war and peace, but these powers of the national government are limited by the constitutional grants. Those who act under these grants are not at liberty to transcend the imposed limits because they believe that more or different power is necessary. Such assertions of extra-constitutional authority were anticipated and precluded by the explicit terms of the Tenth Amendment, — 'The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.'"

Report attacks high court on federalism

15-month study basis of move to allow states more power

By ROBERT PEAR

New York Times News Service

WASHINGTON — A Reagan administration report charges that the Supreme Court systematically has undermined state sovereignty for more than 50 years and proposes a new strategy to correct what it calls an "erroneous judicial reading" of the Constitution.

The confidential report on federalism concludes after a 15-month study that the court has improperly pre-empted and invalidated the states' legitimate exercise of their sovereign powers, leaving them to act only as "administrative units" of a "virtually omnipotent national government."

The document, which was obtained by The New York Times, particularly criticizes the court's broad interpretation of the federal power to regulate interstate commerce. It calls for litigation aimed at overturning some judicial decisions and it says Congress itself should halt "the practice of conditioning eligibility for federal grants on compliance with regulations having little or no relationship to the program being funded."

"Grants for highway construction, for example, have been used to require that states regulate billboard advertising, hide junkyards along the road, survey all their roads to identify and correct hazards, impose Hatch Act prohibitions on the political activity of state employees, adopt a 21-year-old

drinking age and comply with the now infamous 55-mph speed limit," it continued.

White House officials said the 90-page report would set the agenda for domestic policy in the next two years. It was submitted last week to the Domestic Policy Council, a Cabinet-level advisory body, by its Working Group on Federalism, composed of officials from nine agencies. J. Cooyser is chairman of the working group. Attorney General Edwin Meese III presides over the council.

Cooper, a former law clerk to now-U.S. Chief Justice William H. Rehnquist, said in an interview that "the national government has been behaving without legitimate constitutional warrant" in usurping state authority.

The report asserts that the Supreme Court has struck down state laws in cases where no actual conflict with federal law and no evidence that Congress intended to pre-empt state law existed. For example, it said federal judges had invalidated state divorce laws, state noise regulations, state utility regulations and state usury laws.

It says the Supreme Court showed "indifference" to the principle of federalism in 1973 when it guaranteed women access to abortion and limited the states' power to regulate abortion. Moreover, it says court rulings on the reapportionment of state legislatures since 1962 repre-

sent "an unprecedented intrusion" into state affairs.

Under the Constitution, Congress has the power to regulate interstate commerce. By its expansive interpretation of this power, the report says, the Supreme Court has given the federal government a virtual "license to prescribe uniform public policies in an almost limitless range of areas traditionally within the province of state governments."

In this way, it said, the "commerce power" has been used to "undermine the sovereign decision-making authority of the states" and "the Supreme Court has acquiesced" in improper expansions of federal power.

"Only once during the last 50 years has the Supreme Court invalidated a federal statute as an impermissible encroachment" on the sovereignty of state and local governments, the report said. Even that decision, involving the wages and hours of local government employees, was overruled by the court last year, the report noted.

The report, "The Status of Federalism in America," makes these proposals:

— Before passing any bill, Congress should assess its effects on federalism. Congress should amend its rules to permit lawmakers to raise a point of order against bills that violate "the sovereign prerogatives of the states."

— States should be allowed to

consolidate numerous federal grants into one lump sum, with few federal restrictions on use of the money. The report says that federal grants for "human service programs" might be combined in this way.

— Federal agencies should not be able to pre-empt state laws by issuing regulations. Federal laws should not be construed as pre-empting state laws unless Congress explicitly declared its desire to do so.

— The Justice Department or the Office of Management and Budget should review all proposed federal rules to assess their effects on federalism.

"Let us contemplate our forefathers, and posterity, and resolve to maintain the rights bequeathed to us from the former, for the sake of the latter. The necessity of the times, more than ever, calls for our utmost circumspection, deliberation, fortitude and perseverance . . ."

— Samuel Adams, speech, 1771

Article VI
"THIS CONSTITUTION AND THE LAWS WHICH SHALL BE MADE IN PURSUANCE THEREOF, SHALL BE THE SUPREME LAW OF THE LAND; AND THE JUDGES IN EVERY STATE SHALL BE BOUND THEREIN, ANY THING OR LAWS OF ANY STATE TO THE CONTRARY NOT WITHSTANDING."

IS.

33-22

(KJV)

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re-print
by "Citizens For Honest Government"



**GREAT
FALLS AREA
CHAMBER OF COMMERCE**

P.O. BOX 2127
926 CENTRAL AVENUE
GREAT FALLS, MONTANA 59403
(406) 761-4434

EXHIBIT _____
DATE 2-4-87
NO 377

February 5, 1987

*TO: House Taxation Committee
Senate Taxation Committee
Cascade County Legislative Delegation*

FROM: Roger W. Young

The Board of Directors of Great Falls Area Chamber of Commerce has voted to put the Chamber on record supporting the enactment of a sales tax in Montana. The Chamber urges the Montana Legislature to accept its responsibility and take action to enact the tax during this current legislative session.

A recent survey of the Chamber's membership shows growing support for the sales tax depending on how the question is asked. When simply asked if the respondents favor a sales tax 53.9% answered positively. That grew to 75.2% if proceeds are used for property tax relief and to 76.1% when asked if a sales tax exempting food, drugs, etc. is passed and used for property tax relief.

Negative responses were 34.2%, 17.9%, and 18.1% respectively.



Montana League of Cities and Towns

P.O. Box 1704

Helena, MT 59624

Phone (406) 442-8768

TO: HOUSE TAXATION COMMITTEE
FROM: ALEC HANSEN *A.N.H.*
RE: HOUSE BILL 377

EXHIBIT _____
DATE *2-4-87*
HB *377*

THE LEAGUE OF CITIES AND TOWNS HAS NOT TAKEN AN OFFICIAL POSITION FOR OR AGAINST A GENERAL SALES TAX IN MONTANA, BUT THIS ORGANIZATION HAS A COMPELLING INTEREST IN MAINTAINING THE CAPACITY OF MUNICIPAL GOVERNMENTS TO PROVIDE NECESSARY PUBLIC SERVICES.

NUMEROUS BILLS HAVE COME BEFORE THIS LEGISLATURE THAT WILL CUT DEEP INTO THE MUNICIPAL TAX BASE. THEY INCLUDE EXEMPTIONS FOR OWNER OCCUPIED RESIDENCES AND REDUCTIONS FOR VIRTUALLY EVERY TYPE OF PROPERTY COVERED BY THE CLASSIFICATION SYSTEM. PASSAGE OF MANY OF THESE BILLS, SINGULARLY OR IN VARIOUS COMBINATIONS, THREATENS THE ABILITY OF CITIES AND TOWNS TO FINANCE POLICE AND FIRE PROTECTION, STREETS, SANITATION AND THE OTHER SERVICES THAT ARE THE LIFELINE OF SAFE AND DECENT COMMUNITIES.

HOUSE BILL 377 PROVIDES AN IMPORTANT ADVANTAGE FOR MUNICIPAL GOVERNMENTS. IT PROPOSES TO SUBSTANTIALLY REDUCE PROPERTY TAXES, BUT IT WILL ALSO REPLACE THE REVENUES THAT WILL BE LOST BY CITIES, COUNTIES AND LOCAL SCHOOLS. THIS COMBINATION IS CRITICAL, BECAUSE PROPERTY TAX REDUCTION WITHOUT ADEQUATE REPLACEMENT WILL DESTROY MONTANA'S SYSTEM OF LOCAL GOVERNMENT FINANCE.

ECONOMY AND EFFICIENCY HAVE BECOME CONDITIONS OF SURVIVAL FOR THE CITIES AND TOWNS OF MONTANA. MUNICIPAL GOVERNMENTS OPERATE UNDER DIFFICULT FINANCIAL CONDITIONS. THEY ARE HEAVILY DEPENDENT ON A STATIC PROPERTY TAX BASE THAT IS UNDER PUBLIC ATTACK, WHILE AT THE SAME TIME STATE AND FEDERAL ASSISTANCE IS BEING WITHDRAWN. IN RECENT YEARS, BUDGETS HAVE BEEN CUT, SERVICES AND PROGRAMS HAVE BEEN REDUCED OR ELIMINATED AND CITY EMPLOYEES HAVE LOST THEIR JOBS. IF ADDITIONAL REVENUES ARE LOST THROUGH ACTIONS OF THE LEGISLATURE, THE DIFFICULT BUDGET DECISIONS WILL BE TRANSFERRED TO THE LOCAL LEVEL, AND THERE IS NO REASONABLE ASSURANCE THAT THE CITIES IN THIS STATE WILL BE ABLE TO MAINTAIN THEIR RESPONSIBILITY TO SERVE AND PROTECT THE PUBLIC.

THE CITIES AND TOWNS ARE FORCED BY CIRCUMSTANCES TO OPPOSE ALL MEASURES THAT WILL REDUCE PROPERTY TAX REVENUES. THIS IS A DIFFICULT BUT NECESSARY POSITION, BECAUSE THE ELECTED MAYORS AND COUNCIL MEMBERS ACROSS THIS STATE ARE NOT WILLING TO COMPROMISE THE BASIC FINANCIAL INTEGRITY OF MUNICIPAL GOVERNMENT.

THE CITIES WILL SUPPORT HONEST REFORM THAT COMBINES TAX REDUCTION WITH FAIR REPLACEMENT, AND HB-377 IS THE ONLY BILL TO COME BEFORE THIS LEGISLATURE THAT PROVIDES THIS ESSENTIAL BALANCE.

VISITORS' REGISTER

House Taxation COMMITTEE

BILL NO.

HB 377

DATE

2-4-87

SPONSOR

Ramirez

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Duane D. Westerbuhr	CARPENTERS LOCAL 153		✓
Donna D. Cline	MSA		✓
Marie Pauline	MSA		✓
HEDWIG R. SIFO	MSA		✓
IYA BUNNELL	MSA		✓
Carl Peterson	MSA		✓
Don W. Cline	MSA		✓
Edna Rind			✓
Marie L. Cline			✓
Louise Spence	HELEN A		X
William W. Cline	Helena		X
Donna Cline			X
CAL CUMIN	BILLINGS	X	
Don DeTarnatt	Billings	X	
Ron Sengren	Billings	✓	
Barbara Winters	Great Falls		X
Don E. Cline	Great Falls		X
Franklin Cline	myself / Helena		✓

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. 377DATE Feb 4, 1987SPONSOR Ramirez

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Alice Campbell	M.S.C.A.		✓
Richard Goan	Dade Rancher ^{Billings, Mont.}	✓	
Mark H. Eggelbracht	SELCO	✓	
Tommy Campbell	M.S.C.A.	✓	✓
Elmer L. Lottman	M.S.C.A.		✓
Steve Filipek	M.S.C.A.		✓
Norma Hall	Sign Chamber of Commerce	✓	
William L. Lottman	Billings	✓	
George H. Schumacher	Billings	✓	
Alvin Torgon	Billings	✓	
Sam Lee	Heat Falls, Mont. 59405		✓
Janet Van der	Livingston, Mont. 59407		✓
Altha B. Van der	Livingston, Mont.		✓
Richard A. Shaffer	Billings, Mont.		✓
George Allen	MT. Park, Mont.		
Carl Shaffer	Billings, Mont.		✓
Robert C. Shaffer	Helena, Mont.		✓
Anne M. Van	MHC - MCL	✓	
Henry Hall	MT. States Butte House	✓	

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VISITORS' REGISTER

COMMITTEE

BILL NO.

HB 371

DATE

2-11-77

SPONSOR

Ramirez

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
STEVEN NELSON	LAFKERS UNION LOCAL 254		X
MARILYN JACOBSON	MSCA		X
Jeff McCall			X
Christine	MSCA Belton		X
Walter D. Hester	MSCA		X
Kathy Ames	MT Alliance for Progressive Policy		X
Joseph H. Ballard	Carp. Union #153		X
Raymond Anderson			X
John C. Light	AFSCME		X
Walter Lee	MSCA Wood		X
Ralph E. Lee	MSCA Wood		X
Oliver Wagnell	MSCA - Wood		X
Chapman Smith	GRADWELL HSMITH MONT LAND IMP CONTRA-TRACTORS	X	
James M. Anderson	Kittling		X
Mark Janes	Labo Local # 254		X
Marie Christopher	MLIC		✓
EARL J. KELLY	MSCA		X
Maria D. C. C.	Bonanza Dist	X	
Harold E. Padgett	Bonanza	X	

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HB #377

NAME

Representing

Support

Appose

John Haupt

Self

✓

James Hodgson

"

✓

William Beatty

"

✓

~~Mike Hayes~~

"

✓

Eene Stumvoll

"

✓

Einey Dutto

Self

✓

Thomas D. Brown

Poke A. Pok

✓

Marvin Barber

not assessed

✓

Allen Barber

" " " "

✓

Jeff Atman

Self

✓

Arthur Abraham

Self

✓

Margie W. Myers

Volunteer Study

✓

Eene H. Reitz

Familiar with Blgs

✓

Bob Holtsmith

Self

✓

A. R. (Tom) Hazen

not aware of location

✓

Tom Kryzer

Self

✓

Eugene Brosovich

Self

✓

✓ Kay Turner

CoFC / MDC

✓

James J. Jones

design 3 eng

✓

Bob Little

self

✓

Allen Christensen

✓

VISITORS' REGISTER

House Taxation

COMMITTEE

BILL NO

HB 377

DATE

Feb 4, 1987

SPONSOR

Ramirez

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Brett A. Fiedeler	Montana Forest	✓	
Don Williams	School District of MT	✓	
Dick Hall	L.P.S. Bldg	✓	
Myron Zale	" "	✓	
Dwight MacLean	Yellowstone Co.	X	
Lucie Zeller	" "	X	
Helen Glusker	—	✓	
Gene Strickland	Art Supply & Studio	✓	
Fred Duggan	MT Chamber of Commerce	✓	
Bob Corbett	Bogertman Chamber of Comm	✓	
Ray Foster	Billing's Insurance	✓	
Ed Fichter	Billing's Insurance	✓	
John H. Baskin	Yellowstone TAC	—	
Phanie Reed	Baby's		
Wendy Strickland	Director	X	
Carole F.	—		
Terry Kennedy	Mont Farmers U		✓
Home Indian	Tobacco Inst.	X	
LEROY KEILMAN	Billing's MT		X

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Jay D. Vittel

Paul M. Wald

J. W. Hagen

Ernest Hart

Alfred Richardson

Mayoria Lewis

Lakue Monday

Carol Bancroft

Leanne Anderson

Feb 4, 1957

Billings MT.

Billings, MT.

Harbo, MT.

Billings, MT.

" "

Corvallis (

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House Taxation COMMITTEE

BILL NO. HB 377

DATE Feb. 4, 1987

SPONSOR Ramirez

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
FORREST Johnston	MY SELF	Yes -	
Gordon Lee	Yellowstone Club	Yes	
Kenneth Peck	Hennepin	Yes	
Ray Ingels	Mt. Chamber of Commerce	✓	
John Nelson	Bldg Chamber of Com	✓	✓
Fred L. Kalay	Puncher		✓
Inna McKee	St-Francis MSCA		✓
Judy Wallenda	Bellings Church		
Eike Osgood	" "	✓	
Dennis W. Hines	Helena		✓
Thomas E. Benham	Helena		✓
Edith K. Benham	Helena		✓
Frank A. Lagac	Helena		✓
Nancy Stewart	Bellings	✓	
William J. Kelly	Battle		✓
Bier Brew	Bellings	✓	
Bob Spaxton	Bells	✓	
Lake Neisinger	Bledge	✓	
Ben Klavich	MT Motor Carriers	✓	

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HB 377

Print Name	Representing	Support	Oppose
GON Stanaway	ATI Distributors	X	
Della Hatter	Self	X	
Carol Ramsey	Self	X	
Tim Zent	Self	X	
Dan Merry	Yellowstone Hgt	X	
Doris Whimpy	"	X	
Ralph E. Lane	"	X	
Donald W. Hagerman	Blgs	X	
Gene Wade	Blgs	X	
Lynlyn Stevens	Red Lodge	X	
Larry Spang	Genent Mills. Crest Falls	X	
ED MONSON	Blgs	X	
Connie Clarke	Miles City	X	
Fred T. Gay	Blgs	X	
Eden Hatters	Blgs	X	
Paula Hatters	Blgs	X	
Mike Whalen	Billings	X	
Tom J. Cook	Billings	X	
Fred E. Evans	Blgs	X	
Lyndon Lane	Blgs	X	
Al Merton	Blgs	X	

VISITORS' REGISTER

House Taxation

COMMITTEE

BILL NO. HB 377DATE Feb 4, 1987SPONSOR Ramirez

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
✓ Alan Eck	Montana Farm Bureau	X	
✓ John Bryan	Mont. Legislature		X
✓ Mr. H. P. ...	Mont. Legislature		X
✓ H. ...	CITIZEN		
✓ John K. H. ...	U.S. CITIZEN		XXX
✓ Carl ...	U.S. Citizen		X
✓ R. Nadean Jensen	AFSCME		X
✓ Susan ...	WIFE	X	
✓ Bill ...	Richard B. ...	X	
✓ Eric Fear	MEA	X ^{as proposed by amendment B}	
✓ Ken Petro	Midland Dodge Blue		
✓ Dick Brekke	Billings Chamber	X	
✓ Chuck Seveel			
✓ Rachel C. Snyder	Archie Cochrane ^{BILLINGS}		
✓ Al Martin	Empire Htg & Cooling		
✓ Mr. Thomas	Billings ...	X	
✓ Bill ...	Montana	X	
✓ Fran ...	Fran ...	X	

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VISITORS' REGISTER

House Taxation COMMITTEEBILL NO. HB 377DATE Feb 4, 1987SPONSOR Ramirez

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
GEORGE W SWORDS II	MT. Mgr Housing	?	?
RICHARD HEWELLYN	" "	?	?
✓ Len Blawie	I.U.O.E. 400		✓
✓ Prof. Paul	Local 153		✓
James Long	S.A.M.	✓	
✓ Tom McGee	MT Bell		
John McGee	Local 153		✓
Terry Mann	MTA Teachers		X
Windy Mays	Team M. Cera		X
Greg Meyer	Helen		X
Super Lyle	Helen		X
Michael Sherman	Helen		✓
John Lee Brown	Norfolk YSCA		✓
Samuel La Rosa	YSCA		✓
Philip L. Paul	M.S.C.A.		✓
Anna McKee	M.S.C.A. & F.E.		✓
Bob Williams	Local 153		✓
Alan Campbell	M.H. & J.L.		✓

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VISITORS' REGISTER

House Taxation COMMITTEEBILL NO. HB. 377

DATE

SPONSOR RamirezFeb. 4, 1987

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Bob Hale	Oakland & Co	✓	
Chuck Heringer	Chamber of Commerce Billings	✓	
Judy Free	Chamber of Comm. Bldg.	✓	
John A. Galt	Yellowstone County	✓	
Gary J. Sankling	Chamber Bldg	✓	
Julie Dahlberg	Mont. St. Emp local 971		✓
George Howari	Local 971 Boulder		✓
Bonnie Crawford	Local #11		✓
Bill Kishner	Compton's Anal 153		✓
Craig Simon	self - Billings citizen	✓	
Jack Mitchell	Mac-Rak Herald	✓	
Frank D. Altman	Altman's Dist.	—	
Lisa Haag Lars	Renn Verne	✓	
Lisa L. L. L.	1st District Party		✓
Lisa L. L. L.	"		✓
Deeth L. L. L.	Heartland Spirit		
Bruce J. McIntyre	Brown and	✓	
John L. L. L.	Billings	✓	
Deeth L. L. L.	Billings	✓	

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House Taxation COMMITTEEBILL NO. HB 377DATE Feb 4, 1987SPONSOR Ramirez

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
<i>ALLY MERCER</i>	<i>self</i>	X	
<i>Ch. Wilcox</i>	<i>self</i>	X	
<i>Marvin Wagner</i>	<i>self</i>	X	
<i>Mathew Sullivan</i>	<i>MTOUTRET</i>	X	
<i>Conrad Fink</i>	<i>Self</i>	X	X
<i>Don at 2700</i>	<i>Self</i>		X
<i>Don Meyer</i>	<i>HFSCME</i>		X
<i>Don Velarde</i>			X
<i>Wm. Brown</i>	<i>Laborers 54</i>		X
<i>Bill Smith</i>	<i>Self</i>		X
<i>R. A. Little</i>	<i>AT & T</i>		
<i>Ed Wagner</i>	<i>Boilerworks 50</i>		X
<i>Greg Brand</i>	<i>United Transport Union</i>		X
<i>Barbara Becker</i>	<i>Household Budget Fund</i>		X
<i>Tom Tubby</i>	<i>Self</i>		X
<i>Tommy Thompson</i>	<i>Wash. Co. / self</i>	X	
<i>Bob Ehlers</i>	<i>Kirchner Moore</i>	X	
<i>MATTHEW THIEL</i>	<i>Ass. Student Union</i>		
<i>Michael Matheson</i>	<i>SLIM Team</i>		

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