

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

March 12, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on March 12, 1987, at 8 a.m. in Room 312B of the State Capitol.

ROLL CALL: All members of the Committee were present, except Rep. Keenan, who was excused. Also present was Greg Petesch, Director of Legal Services, Legislative Council.

DISPOSITION OF HOUSE BILL NO. 700: Rep. Asay made a motion that HB 700 DO PASS and a motion to approve his proposed amendments to the bill (Exhibit #1). The motion CARRIED unanimously.

Sam Hubbard, Department of Commerce, said the bill was introduced to increase the availability of seed capital for Montana business.

Chairman Ramirez asked if it were correct to assume that science and technology is more knowledgeable in the start-up end of things, while capital companies have more knowledge of the business end. Mr. Hubbard replied that would be correct.

Rep. Asay made a motion that HB 700 DO PASS AS AMENDED. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL NO. 730: Rep. Harp asked to have Terry Carmody, Montana Farmers Union, explain his proposed amendments. (Exhibit #2)

Rep. Raney asked why the Committee didn't just include motor boats. Greg Petesch advised a definition could be included in Rep. Menahan's bill for consistency.

Chairman Ramirez requested that Terry Carmody work with Greg Petesch on the proposed amendments.

Rep. Gilbert made a motion that HB 730 be TABLED. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL NO. 751: Rep. Harp made a motion that HB 751 DO PASS, and that Rep. Winslow's amendments be approved (Exhibit #3).

Chairman Ramirez advised that the Committee needs to decide whether to include only machinery or real estate, as well, and whether to amend the 6 and 45 mills.

Rep. Harp requested that staff incorporate language in Rep. Brown's bill regarding mills, and the need to limit improvements. Greg Groepper, DOR, stressed the need to make it clear that the Committee is looking at equipment permanently affixed to real property.

Rep. Ellison asked what the qualifying period would be. Greg Groepper reminded the Committee of earlier discussions leaning toward a twelve month shut-down period.

Rep. Harp withdrew his prior motion to amend and made a motion to omit 6 and 45 mills. The motion CARRIED unanimously.

Rep. Harp made a motion to insert language pertaining to "equipment permanently affixed to real property". The motion CARRIED unanimously.

Rep. Raney made a motion to approve the amendments on Exhibit #3. The motion CARRIED with all members voting aye, except Reps. Hanson and Patterson, who voted no.

Rep. Williams made a motion to require that a business be shut down for twelve consecutive months. The motion CARRIED unanimously.

Rep. Raney made a motion to insert "fully or partially exempted", following "may be" on page 1, line 16 of the bill.

Rep. Sands said he disagreed with the proposed amendment as it would leave the issue wide open. The motion made by Rep. Raney CARRIED with all members voting aye, except Reps. Hanson, Patterson, Harp and Sands, who voted no.

Rep. Harp made a motion that HB 751 DO PASS AS AMENDED. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL 743: Rep. Hanson made a motion that HB 743 be TAKEN FROM BEING TABLED. The motion CARRIED unanimously.

Chairman Ramirez advised that a DOR amendment would strike language pertaining to ownership notification by certified mail.

March 12, 1987

Rep. Williams made a motion that HB 743 DO PASS. Rep. Harp made a motion to approve the DOR amendment. The motion CARRIED unanimously.

Rep. Ellison made a motion that HB 743 DO PASS AS AMENDED. The motion CARRIED with all members voting aye, except Reps. Koehnke, Hoffman, and Raney, who voted no.

DISPOSITION OF HOUSE BILL NO. 791: Rep. Ream made a motion that HB 791 DO PASS and that Rep. Strizich' amendment and DOR's amendments be approved, (Exhibits #4 and #5). The motions for both amendments CARRIED unanimously.

Rep. Ream made a motion to approve the Statement of Intent. The motion CARRIED unanimously.

Rep. Ream made a motion that HB 791 DO PASS AS AMENDED.

Rep. Williams commented he felt it was inappropriate to tax illegal possession of dangerous drugs. Greg Groepper replied that the federal government originally established a federal stamp tax in the 1930's on marijuana. He said the DOR amendment replaces the section on lines with a warrant for restraint, and utilizes the usual tax collection method.

The motion made by Rep. Ream CARRIED with all members voting aye, except Rep. Williams, who voted no.

DISPOSITION OF HOUSE BILL NO. 756: Rep. Patterson reported that the study subcommittee felt the Committee could not afford the bill.

Rep. Williams stated the bill is related to several other bills and that he would like to see it tabled until it is known what will happen to the classification system.

Rep. Patterson made a motion that HB 756 be TABLED. The motion CARRIED with all members voting aye, except Rep. Raney, who voted no.

DISPOSITION OF HOUSE BILL NO. 222: Rep. Patterson provided copies of a DOR amendment (Exhibit #6). Chairman Ramirez advised the Committee would hold off action on the bill until March 13, in the interest of time.

CONSIDERATION OF HOUSE BILL NO. 850: Rep. Randy Roth, House District #96, sponsor of HB 850, said the bill would reduce property taxes in all classes by 30%, and commented that CI-27 passed in every precinct in his district.

PROPOSERS OF HOUSE BILL NO. 850: There were no proponents of the bill.

TAXATION COMMITTEE

March 12, 1987

Page 4

OPPONENTS OF HOUSE BILL NO. 850: Ron Preston, Missoula, stated his opposition to the bill, and said he believes it is detrimental to state government.

Shaun Eaton, representing the Montana League of Cities and Towns, stated his opposition to the bill.

Gordon Morris, Montana Association of Counties, stated his opposition to the bill.

TECHNICAL COMMENTS ON HOUSE BILL NO. 850: Greg Groepper, DOR, advised that if the tax rate on railroads and airlines is approached the way it is outlined in the bill, those services will get a double reduction. He said the Committee may want to change this language.

QUESTIONS ON HOUSE BILL NO. 850: Rep. Williams asked if there were an alternative to the \$60 million fiscal impact. Rep. Roth replied he would like to see a sales tax bill.

Rep. Gilbert asked about the \$113 and \$114 million impact to counties. Rep. Roth replied he hoped a sales tax would take care of that situation.

Rep. Ream asked Rep. Roth if the people in his district want a sales tax. Rep. Roth replied that, according to a Lee Enterprises poll, they do.

CLOSING ON HOUSE BILL NO. 850: Rep. Roth made no closing comments.

CONSIDERATION OF SENATE BILL NO. 64: Sen. Mike Halligan, Senate District #29, sponsor of SB 64, said the bill would provide a corporate license tax incentive for five years, in addition to a permanent real property and personal property tax exemption. He said the Governor's task force asked for an incentive for standard research and development, and that SB 64 specifically addressed resources and development, and science and technology programs, on page 7.

PROPOSERS OF SENATE BILL NO. 64: There were no proponents of SB 64.

OPPONENTS OF SENATE BILL NO. 64: There were no opponents of SB 64.

QUESTIONS ON SENATE BILL NO. 64: Rep. Williams asked Sen. Halligan if he agreed with the Senate amendments on page 4 of the bill. Sen. Halligan replied he thought it was a great idea, and explained that the tax exemption would only apply to income earned in Montana.

CLOSING ON SENATE BILL NO. 64: Sen. Halligan stated there is a need to adopt legislation specific and unique to Montana that can be tracked, and if it doesn't work, the Legislature will know.

CONSIDERATION OF SENATE BILL NO. 71: Sen. Del Gage, Senate District #5, said the bill is a reaction to I-105, and puts a freeze on 13 classes of property. He explained that during a Fall, 1986, legislative hearing, one of the proponents of the Initiative explained it. Sen. Gage said he found most persons voting for I-105 thought all classes of property were included.

PROPOSERS OF SENATE BILL NO. 71: Robert Holding, Montana Association of Realtors, stated his support of the bill.

Keith Anderson, President, Montana Taxpayers Association, said the Attorney General issued an opinion that there are problems with including only certain classes of property in the bill.

Gordon Morris, Montana Association of Counties, said there is no way to address a selective freeze in the counties, and that HB 575 goes farther than SB 71 does. He commented the two bills need to be incorporated.

Tom Roth, Montana Auto Dealers Association, stated his support of the bill.

OPPOSERS OF SENATE BILL NO. 71: There were no opposers of the bill.

QUESTIONS ON SENATE BILL NO. 71: Rep. Williams asked if the mill levy were frozen only on class 1 and 2 property. Sen. Gage replied that would be correct.

Rep. Harp asked how the seven oil-producing counties would function, in view of the predicted \$400 million drop in net proceeds for next year. Gordon Morris replied that, actually nine counties would be seriously affected, because the loss cannot be offset with increased mills. He advised a \$17 million loss is anticipated for Rep. Gilbert's county, with no alternatives to offsetting the loss.

Rep. Harp asked if the Committee shouldn't be looking at federal policy and at what OPEC is doing, when considering the impact to municipalities. Gordon Morris said he agreed.

Rep. Harrington asked what the counties' position is on this issue. Gordon Morris replied the trigger needs to be removed from I-105 by the Legislature.

TAXATION COMMITTEE

March 12, 1987

Page 6

Rep. Harrington asked if the Lottery accomplished this action. Gordon Morris replied the lottery bill has no relationship to I-105, because it passed before I-105 did. He added that he has no opinion, since he is not an attorney.

CLOSING ON SENATE BILL NO. 71: Sen. Gage advised the counties will be in no different position with or without SB 71, and said the net proceeds bill that passed the Senate on March 11, pertains only to new production after December 31, 1986, and does not affect current tax revenue received by the counties.

CONSIDERATION OF SENATE BILL NO. 47: Sen. Del Gage, Senate District #5, sponsor of SB 47, said that since 1982, the Blackfeet Tribe has been taxing oil and gas on the Reservation, as has the state. He explained that action resulted in double taxation for those producers, and said the Tribe now has an additional tax proposal.

Sen. Gage advised that tribal governments act as sovereign national and have the right to tax. He stated the bill allows for a cooperative agreement between tribal governments and state government to assess and collect a tax on the same property. He said the bill is an opportunity to alleviate double taxation, and that the Blackfeet have had a severance tax, as well as an R.I.T. tax, since 1982.

Sen. Gage warned that there will be more protested taxes and court cases if this situation is not addressed. He told the Committee he asked for an opinion on whether tribal taxes preempt state or local taxes, and found this is still an issue. Sen. Gage said that in Arizona, the state is prevented from putting hunting and fishing license requirements on reservations, and that the bill is more necessary now that the Legislature is addressing local option taxes.

Sen. Gage stated he believes SB 47 is a good bill, as it does not mandate agreements, but provides that they may be entered into. He provided copies of proposed amendments (Exhibit #7).

PROPOSERS OF SENATE BILL NO. 47: Dave Woodyard, Chief Counsel, DOR, said the bill is an alternative to litigation, and that cooperation and coordination is a better way to begin to resolve this issue. Mr. Woodyard also provided proposed amendments (Exhibit #8).

Caleb Shields, Assiniboine/Sioux Tribe at Fort Peck, said he supported the concept of revenue sharing, and that the only losers would be the state and the tribes, because double

March 12, 1987

taxation will eventually drive business from those areas. Mr. Shields recommended a similar agreement in liquor and tobacco and read from a prepared statement in support of the bill (Exhibit #9).

Louis Clayborn, State Coordinator of Indian Affairs, read from a prepared statement in support of the bill (Exhibit #10).

OPPONENTS OF SENATE BILL NO. 47: Ray Harbin, Lake County Commissioner, said he believed the bill would increase the tax burden because of administrative costs, and that it would unnecessarily burden county treasurers, in addition to creating another tax for county commissioners to control. He advised he was surprised the state would become involved in tribal relations, and added that a clear statement of intent is needed, if the bill passes.

Rep. John Mercer, House District #50, said 90% of his district is Federated Kootenai/Salish Tribes, where the population is about 85% non-Indian. He commented that residents seem to get along well now, and that he is afraid there will be a problem if the bill passes. Rep. Mercer commented it is not fair for the state to say that taxation by reservations is alright.

Jim Halverson, Roosevelt County Commissioner, told the Committee his home is on the boundary of a reservation. He stated that tax increases by tribes are to be used for tribal government only, and not for general services paid for by other taxpayers. Mr. Halverson said he also disagreed with section 6 of the bill which allows DOR to make rules, and stated he believes reservations should collect the taxes they levy. He commented that in looking at the fiscal note, he cannot see where the state benefits.

Mike Hutch, Lake County Commissioner, and member of the Montana Association of Reservation Counties, said he believes DOR is understaffed and underfinanced to accomplish the goal outlined in the bill. He stated his belief that the collection of such taxes may not be legal, and may be a violation of non-Indian rights, in the form of taxation without representation.

Former Senator Carroll Graham, told the Committee they need to look at Sen. Gage's amendment, as it is possible to have three county commissioners who are Native American and who may not be as tax conscious as taxpayers. Mr. Graham said he would oppose the bill without the amendment, and state he was opposed to DOR involvement.

TAXATION COMMITTEE

March 12, 1987

Page 8

Mons Tiegen, Montana Stockgrowers Association, read a resolution of that organization in opposition to the bill (Exhibit #11).

Sen. Ethel Harding, Senate District #25, urged the Committee to give the bill a do not pass recommendation.

Coleen Johnson, Helena area rancher, stated her opposition to the bill (Exhibit #12).

Rep. Al Meyers, House District #53, said the bill is taxation without representation, and that nearly all the residents of his district oppose the bill, because there is no appeals process, and the legislation will end up being a tax on property owners on reservations.

Rep. Tom Asay, House District #27, asked if any of the tribes impose any tax on members now. Louis Clayborn replied they do not, and said the process is too new. He explained that the tribes are in the process of developing codes compatible with the Department of Interior and the State of Montana. Mr. Clayborn commented that cigarettes are exempt from tribal tax, but not state tax.

Rep. Ream asked if the cooperative agreement were interpreted as must instead of may. Mr. Harbin replied that he believes people subject to the tax will be paying higher amounts than those who are not.

CLOSING ON SENATE BILL NO. 47: Sen. Gage read from an interpretation on bingo and gambling on Indian reservations, USC11-50-71, which includes patented and right of way situations.

CONSIDERATION OF SENATE BILL NO. 200: Sen. Ed Smith, Senate District #10, sponsor of SB 200, said the situation addressed by the bill is not an easy one to work out, and that he doesn't see where dollars from lost revenue will come from to balance the budget. Sen. Smith said the bill would put light vehicles back into the property tax base, and addresses motorhomes, motorcycles, and other vehicles. He stated Montana spent \$137 million to make property taxes more equitable and then took vehicles out. Sen. Smith explained that the first year would require at 1.5% sales tax, increasing to 2% thereafter.

PROPOSERS OF SENATE BILL NO. 200: Gordon Morris, Montana Association of Counties, said motor vehicles would contribute \$93 million under the bill (Exhibit #14).

Alec Hansen, Montana League of Cities and Towns, said the bill is designed to replace the block grant program and that

the average automobile will experience only a small decrease or increase in fees, while providing local governments an easier time in anticipating revenue.

Barbara Evans, Missoula County Commissioner, stated her support of the bill as a means of district court funding.

Richard Vandiver, Fourth Judicial District, Missoula, told the Committee he would provide a copy of a report on court funding as soon as possible. (Exhibit #15)

Greg Groepper, DOR, explained that page 2 of the bill is most substantive, wherein it places vehicles not in the book in a position similar to that they would be in in the NADA book. He explained that the 70 fte who were moved from assessment to reappraisal would need to be replaced if the bill passes. Mr. Groepper also provided copies of proposed amendments.

Marvin Barber, Montana County Assessors Association, referred to Exhibit #14, and stated his support of the bill.

Phil Campbell, Montana Education Association, stated his support of the bill.

Nathan Lubergen, City of Great Falls, stated his support of the bill.

Susan Spurgem, Fergus County Treasurer and President, Montana County Treasurers Association, provided a statement in support of the bill (Exhibit #16).

Cort Harrington, Montana County Treasurers Association, said he believed the bill would address the block grant program.

Terry Carmody, Montana Farmers Union, Montana Grain Growers, Montana Federation of Teachers and Federal Employees, stated his support of the bill.

Brenda Schye, Montana Cultural Advocacy, read from a prepared statement in support of the bill, and provided a statement from the Library Commission and the State Library Association.

Jim Halverson, Roosevelt County Commissioner, and fiscal officer for the Montana Association of Counties, stated his support of the bill.

Ron Preston, City of Missoula, stated his support of the bill.

Doug Schmitz, Jefferson County Commissioner, stated his support of the bill.

OPPONENTS OF SENATE BILL NO. 200: Tom Harrison, Montana Auto Dealers Association, and Montana Automobile Association, requested that the Committee look at the fiscal note which, he said, is actually misleading. He explained that 23,000 trailers and 2,300 motorcycles were left out, for a total of \$1.125 million and a resulting negative impact of \$800,000 in salaries for 40 new fte to administer the system.

Keith Anderson, President, Montana Taxpayers Association, proposed that the bill be amended to 1.5% and that the issue be subjected to the voters, because the legislation would result in an \$8 million annual increase in taxes (Exhibit #19).

Don Tuttle, Good Sams, read from a prepared statement in opposition to the bill (Exhibit #20).

Lloyd Anderson, read from a prepared statement in opposition to the bill (Exhibit #21).

Rep. Norm Wallin, House District #78, said the bill doesn't make sense, and asked the Committee to give it a do not pass recommendation.

Bob DePrato, Flathead area auto dealer, said the bill would represent a \$42,000 tax increase to licensed vehicles.

Tom Roth, Bozeman, and Robert Oakland, Great Falls, stated their opposition to the bill.

Roger Marden, Havre, provided a written statement in opposition to the bill (Exhibit #22).

Richard Llewellyn, Montana Manufactured Housing, stated his opposition to the bill.

Frank Schledorn, Montana Recreational Vehicles, stated his opposition to the bill Exhibit #23).

QUESTIONS ON SENATE BILL NO. 200: Chairman Ramirez advised that questions would be delayed until executive action is taken on the bill, because of the shortage of time.

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

TAXATION COMMITTEE

Page 11

March 12, 1987

  
Representative Jack Ramirez,  
Chairman

## DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date Mar 12

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	✓		

# STANDING COMMITTEE REPORT

Page 1 of 2

DATE 3-12-87  
HB. 700

MARCH 12

19 87

Mr. Speaker: We, the committee on HOUSE TAXATION

report HOUSE BILL NO. 700

☒ do pass  
☐ do not pass

☐ be concurred in  
☐ be not concurred in

☒ as amended  
☐ statement of intent attached

Representative Jack Ramirez, Chairman

Be amended as follows:

1. Page 3, line 2  
Following: "agreement"  
Strike: "contemplated"  
Insert: "required"  
Following: "90-3-302"  
Insert: "(1)"
2. Page 10, line 21  
Following: "availability"  
Strike: "or feasibility"
3. Page 10, line 22  
Following: "under"  
Strike: "90-3-203"  
Insert: "90-3-301(2)"
4. Page 9, line 12  
Following: "board,"  
Strike: "whether"  
Insert: "that"
5. Page 12, line 11  
Following: "board"  
Strike: "may"  
Insert: "shall"  
Following: "make"  
Strike: "technology investments through"  
Insert: "at least 20% of the technology development account available for investment in"
6. Page 12, line 13  
Following: "seed"  
Insert: ", "  
Strike: "and"  
Following: "start-up"  
Insert: ", and expansion"

  
FIRST reading copy ( WHITE )

Page 2 of 2  
HB 700  
March 12, 1987

7. Page 12, line 23  
Following: "["  
Strike: "section"  
Insert: "sections 13 and"

*MS*

Representative Jack Ramirez,  
Chairman

# STANDING COMMITTEE REPORT

HB. 743MARCH 12,19 87Mr. Speaker: We, the committee on HOUSE TAXATIONreport HOUSE BILL NO. 743☒ do pass  
☐ do not pass☐ be concurred in  
☐ be not concurred in☒ as amended  
☐ statement of intent attachedRepresentative Jack Ramirez, Chairman

Be amended as follows:

1. Title, line 8  
Following: "7-2<sup>12</sup>-4183,"  
Strike: "15-17-101,"
2. Pages 5 and 6  
Following: line 10 on page 5  
Strike: section 5 in its entirety  
Renumber: subsequent sections
3. Page 10, lines 17 and 18  
Following: "weeks" on line 17  
Strike: remainder of line 17 through "specified" on line 18
4. Page 11, line 3  
Following: "after"  
Strike: "the latter of the date of"  
Following: "publication:"  
Strike: "or"
5. Page 11, line 4  
Following: line 3  
Strike: "mailing"
6. Page 11, lines 10 through 22  
Following: "same." on line 10  
Strike: remainder of line 10 through line 22 in its entirety

  
FIRST

WHITE

reading copy ( \_\_\_\_\_ )  
color

MARCH 12

19 87

Mr. Speaker: We, the committee on HOUSE TAXATIONreport HOUSE BILL NO. ~~XXX~~ 751☒ do pass  
☐ do not pass☐ be concurred in  
☐ be not concurred in☒ as amended  
☐ statement of intent attachedRepresentative Jack Ramirez, Chairman

Be amended as follows:

1. Title, line 6  
Following: "PROPERTY"  
Insert: "AND NONPRODUCING IMPROVEMENTS GO RAILROAD OPERATING PROPERTY"
2. Page 1, line 13  
Following: "manufacturing"  
Insert: "and railroad operating"
3. Page 1, line 14  
Following: "Improvements"  
Insert: "permanently affixed"
4. Page 1, line 16  
Following: "production"  
Insert: "or as an improvement to a railroad's operating property that has ceased production, for a period of at least 12 consecutive months;"  
Following: "be"  
Insert: "fully or partially"
5. Page 1, line 19  
Following: "industry"  
Insert: "or a railroad"
6. Page 1, line 21  
Following: "industry"  
Insert: "or a railroad"
7. Page 1, line 22  
Following: "production"  
Insert: "or transportation"
8. Page 2, line 6  
Following: line 5  
Insert: "(3) For the purposes of this section, 'railroad operating property' has the meaning provided in 15-23-202."

FIRST

WHITE

(continued on page 2)

reading copy ( )  
color

8. (continued)

(4) The tax benefit described in subsection (1) applies only to the number of mills levied and assessed for local high school district and elementary school district purposes and to the number of mills levied and assessed by the governing body approving the benefit over which the governing body has sole discretion. In no case may the benefit described in subsection (1) apply to levies or assessments required under Title 15, chapter 10, 20-9-331, 20-9-333, or otherwise required under state law."

MARCH 12, 19 87

Mr. Speaker: We, the committee on HOUSE TAXATIONreport HOUSE BILL NO. 791☒ do pass  
☐ do not pass☐ be concurred in  
☐ be not concurred in☒ as amended  
☒ statement of intent attachedRepresentative Jack Ramirez, Chairman

## AMENDMENTS AS FOLLOWS

1) Title, line 6

Following: "TAX;"

~~AND~~ ← Strike "AND"

Insert: "GRANTING RULEMAKING AUTHORITY TO THE DEPARTMENT OF REVENUE; PROVIDING FOR FUNDING OF THE ADMINISTRATION OF THE TAX; STATUTORILY APPROPRIATING THE ADMINISTRATIVE FUNDING;"

2) Title, line 7

Following: "COLLECTED"

Insert: "; AND AMENDING SECTION 17-7-502, MCA"

3) Page 1, line 8

Following: line 7

Insert: "WHEREAS, dangerous drugs are commodities having considerable value, and the existence in Montana of a large and profitable dangerous drug industry and expensive trade in dangerous drugs is irrefutable; and

WHEREAS, the state does not endorse the manufacturing of or trading in dangerous drugs and does not consider the use of such drugs to be acceptable, but it recognizes the economic impact upon the state of the manufacturing and selling of dangerous drugs; and

WHEREAS, it is appropriate that some of the revenue generated by this tax be devoted to continuing investigative efforts directed toward the identification, arrest, and prosecution of individuals involved in conducting illegal continuing criminal enterprises that affect the distribution of dangerous drugs in Montana.

THEREFORE, the Legislature of the State of Montana does not wish to give credence to the notion that the manufacturing, selling, and use of dangerous drugs is legal or otherwise proper, but finds it appropriate in view of the economic impact of such drugs to tax those who profit from drug-related offenses and to dispose of

March 12 19 87

the tax proceeds through providing additional anticrime initiatives without burdening law abiding taxpayers."

4) Page 2, line 3

Following: "of"

Strike: "18"

Insert: "58"

5) Page 3, lines 17 through 19

Following: "5." on line 17

Strike: remainder of line 17 through line 19 in its entirety

Insert: "Administration and enforcement--department rules.

(1) All law enforcement personnel and peace officers shall promptly report each person subject to the tax to the department together with such other information which the department may require in a manner and on a form prescribed by the department.

(2) The deficiency assessment provisions of 15-53-105, the civil penalty and interest provisions of 15-53-111, the criminal penalty provisions of 15-30-321(3), the estimation of tax provisions of 15-53-112 and the statute of limitations provisions of 15-53-115 apply to this tax and are fully incorporated by reference in this chapter. The department may adopt such rules as are necessary to administer and enforce the tax."

6) Page 3, line 24 through line 3, page 4

Following: "7." on line 24 of page 3

Strike: remainder of line 24 through Page 4, line 3 in its entirety

Insert: "Warrant for distraint. If all or part of the tax imposed by this chapter is not paid when due, the department may issue a warrant for distraint as provided in Title 15, chapter 1, part 7. The resulting lien shall have precedence over any other claim, lien, or demand thereafter filed and recorded."

7) Page 4, line 12

Following: "proceeds."

Insert: "(1)"

8) Page 4, line 15

Following: "basis."

Insert: "(2)"

Representative Jack Ramirez Chairman.

March 12 19 87

9) Page 4, line 19

Following: line 18

Insert: "(3)"

Following: "tax"

Insert: "proceeds as follows: (a) 85%

10) Page 4, line 23

Following: "jails"

Insert: "; and (b) 15% to the special law enforcement assistance account created in 44-13-101 for the activities described in 44-13-103"

11) Page 04, line 24

Following: line 23

Insert: "Section 10. Special revenue account. (1) There is created a special revenue fund to be called the dangerous drug tax administration fund.

(2) All administrative fees collected under [Section 3(1)] shall be deposited by the department into the dangerous drug tax administration fund.

(3) The money in the dangerous drug tax administration fund may be expended by the department to administer the tax and pay any refund required by this chapter.

(4) The appropriation made in subsection (3) is a statutory appropriation as provided in 17-7-502, MCA.

Section 11. Section 17-7-502, MCA, is amended to read:

17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations:

(a) 2-9-202;

(b) 2-17-105

(c) 2-18-812;

Representative Jack Ramirez Chairman.

.....March 12.....19 87....  
Representative Jack Ramirez, Ch.

(d) 16-3-203;  
(e) 16-3-312;  
(f) 16-3-314;  
(g) 16-4-301;  
(h) 13-37-304;  
(i) 15-31-702;  
(j) 15-36-112;  
(k) 15-70-101;  
(l) 16-1-404;  
(m) 16-1-410;  
(n) 16-1-411;  
(o) 17-3-212;  
(p) 17-5-404;  
(q) 17-5-424;  
(r) 17-5-804;  
(s) 19-8-504;  
(t) 19-9-702;  
(u) 19-9-1007;  
(v) 19-10-205;  
(w) 19-10-305;  
(x) 19-10-506;  
(y) 19-11-512;  
(z) 19-11-513;  
(aa) 19-11-606;  
(bb) 19-12-301;  
(cc) 19-13-604;  
(dd) 20-6-406;  
(ee) 20-6-111;  
(ff) 23-5-612;  
(gg) 37-51-501;  
(hh) 53-24-206;  
(ii) 75-1-1101;  
(jj) 75-7-305;  
(kk) 80-2-103;  
(ll) 80-2-128;  
(mm) 90-3-301;  
(nn) 90-3-302;  
(oo) 90-15-103;  
(pp) Sec. 13, HB 861, L. 1985 and  
(qq) [Section 10].

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of

.....  
Representative Jack Ramirez, Chairman.

Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments.

Renumber: subsequent section

12) Page 4, line 25.

Strike: "9"

Insert: "10"

13) Page 5, line 2.

Strike: "9"

Insert: "10"

*JMS*

STATEMENT OF INTENT

A statement of intent is required for this bill because it allows the department of revenue to adopt rules for the administration and enforcement of this tax.

It is the intent of the legislature that the department of revenue adopt rules that:

(1) prescribe the forms of the tax returns and reports required by the Act, and the time for filing such returns and reports;

(2) require the taxpayer to keep such records and provide such information to the department of revenue necessary to assess the tax;

(3) define and clarify the terms and words used in this Act;

(4) set the time, circumstances and conditions for the compliance of law enforcement agencies with section 5, of the Act;

(5) prescribe rules of procedure for administrative hearing under this Act before the department; and

(6) prescribe rules for refunds of the tax.

Asay  
amended  
3-12-87  
Ex #1

EXHIBIT #1  
DATE 3-12-87  
HB 700

AMENDMENTS TO HB 700  
(white copy)

1. Page 3, line 2.  
Following: "agreement"  
Strike: "contemplated"  
Insert: "required"  
Following: "90-3-302"  
Insert: "(1)"
2. Page 10, line 21.  
Following: "availability"  
Strike: "or feasibility"
3. Page 10, line 22.  
Following: "under"  
Strike: "90-3-203"  
Insert: "90-3-301(2)"
4. Page 12, line 11.  
Following: "(1)"  
Strike: "The board shall make technology investments through certified Montana capital companies in order to further the development of private sector seed and start-up capital resources available for investment in technology-oriented business development and expansion activities."  
Insert: "The board shall make at least 20% of the technology development account available for investment in certified Montana capital companies in order to further the development of private sector seed, start-up, and expansion capital resources available for investment in technology-oriented business development and expansion activities."

rp-  
12-87  
X #2

#2  
DATE 3-12-87  
HB 730

PROPOSED AMENDMENTS TO HOUSE BILL 730  
(Second Reading)

1. Page 1, line 11.  
Following: "vessel"  
Insert: "having a carrying capacity of three or more persons"
2. Page 1, line 17.  
Following: "ownership"  
Insert: "and a certificate of number"
3. Page 2, line 3.  
Following: "number;"  
Strike: "and"
4. Page 2, line 5.  
Following: "acquired"  
Strike: "."  
Insert: ", if known; and  
(j) such other information as the department of justice may require.  
(3) The application is to be accompanied by documentation of ownership such as an invoice, bill of sale, foreign title, official certificate of boat number, tax receipt, certification from the department of revenue that the motorboat or vessel is listed with the applicant's taxable property, or a certificate of ownership of a trailer purchased with the motorboat or vessel."  
Renumber: subsequent subsection
5. Page 2, following line 12.  
Insert: "(5) Any motorboat or vessel that does not have a manufacturer's or other identifying number thereon must be assigned an identification number by the department of fish, wildlife, and parks. A fee of \$1 must be paid to the department for an assignment of number."  
Renumber: subsequent subsections
6. Page 2, following line 14.  
Insert: "certificate of number"
7. Page 2, line 17.  
Following: "application"  
Insert: "for a certificate of ownership"
8. Page 2, line 22.  
Following: "permanent"  
Strike: "ownership"  
Insert: "boat"

Winebow  
3-12-87  
EX 3  
HB 751

#3  
DATE 3-12-87  
HB 751

PROPOSED AMENDMENT  
HOUSE BILL 751  
(White Copy)

1. Page 1, line 6.  
Following: "PROPERTY"  
Insert: "AND NONPRODUCING IMPROVEMENTS TO RAILROAD OPERATING  
PROPERTY"
2. Page 1, line 13.  
Following: "Nonproducing manufacturing"  
Insert: "and railroad operating"
3. Page 1, line 16.  
Following: "production"  
Insert: "or as an improvement to a railroad's operating  
property that has ceased production"
4. Page 1, line 19.  
Following: "industry"  
Insert: "or railroad"
5. Page 1, line 21.  
Following: "manufacturing industry"  
Insert: "or railroad"
6. Page 1, line 22.  
Following: "production"  
Insert: "or transportation"
7. Page 2.  
Following: line 5  
Insert: "(3) For the purposes of this section, "railroad  
operating property" has the meaning provided in 15-23-202."

*R*  
*void*  
*3-12-87*  
*2-87*

Amend House Bill 743  
For Representative Sales  
February 23, 1987

1. Title, line 8.  
Strike: "15-77-101,"
2. Pages 5 and 6.  
Following: line 10  
Strike: section 5 in its entirety  
Renumber: subsequent sections
3. Page 10, lines 17 and 18.  
Strike: ", and mail in the manner specified"
4. Page 11, line 3.  
Strike: "the latter of the date of"  
Strike" "or"
5. Page 11, line 4.  
Strike: "mailing"
6. Page 11, lines 10 through 22.  
Strike: "The mailing" on line 10 through "deed." on line 22

*3-12-87*  
*HB 791*  
*DOR - Ken Morrison*  
*amend*  
*Ex 4*

**HB 791**  
STATEMENT OF INTENT

*HB 791*  
*S 4+5*  
*DATE 3-12-87*  
*791*

A statement of intent is required for this bill because it allows the department of revenue to adopt rules for the administration and enforcement of this tax.

It is the intent of the legislature that the department of revenue adopt rules that

(1) prescribe the forms of the tax returns and reports required by the Act, and the time for filing such returns and reports;

(2) require the taxpayer to keep such records and provide such information to the department of revenue necessary to assess the tax;

(3) define and clarify the terms and words used in this Act;

(4) set the time, circumstances and conditions for the compliance of law enforcement agencies with section 5, of the Act;

(5) prescribe rules of procedure for administrative hearing under this Act before the department; and

(6) prescribe rules for refunds of the tax.

HOUSE BILL 791  
AMENDMENTS

1. Title, line 6.

Following: "TAX;"

Insert: "GRANTING RULE MAKING AUTHORITY TO THE DEPARTMENT OF  
REVENUE; PROVIDING FOR FUNDING OF THE ADMINISTRATION OF THE  
TAX;"

2. Page 2, line 3

Following: "of"

Strike: "1%"

Insert: "5%"

3. Page 3, lines 17 through 19

Strike: section 5 in its entirety

Insert: "Section 5 Administration and Enforcement - Department  
Rules.

(1) All law enforcement personnel and peace officers shall promptly report each person subject to the tax to the department together with such other information which the department may require in a manner and on a form prescribed by the department.

(2) The deficiency assessment provisions of 15-53-105, the civil penalty and interest provisions of 15-53-111, the criminal penalty provisions of 15-30-321(3), the estimation of tax provisions of 15-53-112 and the statute of limitations provisions of 15-53-115 apply to this tax and are fully incorporated by reference in this chapter. The department may adopt such rules as are necessary to administer and enforce the tax.

4. Page 3, line 24 through 25, page 4, line 1, through 3

Strike: "section 7 in its entirety"

Insert: "Section 7. Warrant for Dstraint. If all or part of the tax imposed by this chapter is not paid when due, the department may issue a warrant for dstraint as provided in Title 15, chapter 1, part 7. The resulting lien shall have precedence over any other claim, lien, or demand thereafter filed and recorded."

5. Page 4, line 24

Following: line 23

Insert: Section 10. Special revenue account. (1) There is created a special revenue fund to be called the dangerous drug tax administration fund.

(2) All administrative fees collected under [Section 3(1)] shall be deposited by the department into the dangerous drug tax administration fund.

(3) The money in the dangerous drug tax administration fund may be expended by the department to administer the tax and pay any refund required by this chapter.

(4) The appropriation made in subsection (3) is a statutory appropriation as provided in 17-7-502, MCA.

Section 11. Section 17-7-502, MCA, is amended to read:

17-7-502. Statutory appropriations - definition- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations:

- (a) 2-9-202;
- (b) 2-17-105;
- (c) 2-18-812;
- (d) 10-3-203;
- (e) 10-3-312;
- (f) 10-3-314;
- (g) 10-4-301;
- (h) 13-37-304;
- (i) (Section 10)
- {i+} (j) 15-31-702;
- {j+} (k) 15-36-112;
- {k+} (l) 15-70-101;
- {l+} (m) 16-1-404;
- {m+} (n) 16-1-410;
- {n+} (o) 16-1-411;
- {o+} (p) 17-3-212;
- {p+} (q) 17-5-404;
- {q+} (r) 17-5-424;
- {r+} (s) 17-5-804;
- {s+} (t) 19-8-504;
- {t+} (u) 19-9-702;
- {u+} (v) 19-9-1007;
- {v+} (w) 19-10-205;
- {w+} (x) 19-10-305;
- {x+} (y) 19-10-506;
- {y+} (z) 19-11-512;
- 19-11-513;
- {z+} (aa) 19-11-606
- {aa+} (bb) 19-12-301;
- {bb+} (cc) 19-13-604;
- {cc+} (dd) 20-6-406;
- {dd+} (ee) 20-8-111;
- {ee+} (ff) 23-5-612;
- {ff+} (gg) 37-51-501;
- {gg+} (hh) 53-24-206;
- {hh+} (ii) 75-1-1101;
- {ii+} (jj) 75-7-305;

~~{jj}~~ (kk) 80-2-103;

~~{kk}~~ (ll) 80-2-228;

~~{ll}~~ (mm) 80-3-301;

~~{mm}~~ (nn) 90-3-302;

~~{nn}~~ (oo) 90-15-103;

~~{oo}~~ (pp) Sec. 13, HB 861, L. 1985.

~~{pp}~~ (qq) (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments."

4. Page 4, line 24

Following: "Section"

Strike: "10"

Insert: "12"



OFFICE OF THE CITY ATTORNEY

201 W. SPRUCE • MISSOULA, MT 59802-4287 • (406) 721-4700

EXHIBIT

DATE 3-12-87

AB 71

March 11, 1987

87-152

Representative Jack Ramirez  
House Taxation Chairman  
House of Representatives  
Montana State Capitol  
Helena, Montana 59620

Senator Delwyn Gage  
Montana State Senate  
Montana State Capitol  
Helena, Montana 59620

Re: Concern that SB-71 does not sufficiently deal with the legal issues created by I-105

Dear Representative Ramirez and Senator Gage:

The purpose of this letter is to express the concern of Montana League of Cities and Towns officials and the City of Missoula that SB-71 does not sufficiently deal with the legal issues created by I-105.

There is much uncertainty throughout Montana as to the correct interpretation and application of many aspects of Initiative I-105. The Montana League of Cities and Towns at its annual meeting September 19, 1986 adopted a resolution identifying several serious problems associated with the application and administration of Initiative 105 if it was adopted, and instructed Montana League of Cities and Towns officials to work with the 1987 State Legislature to have these problems addressed.

Several legislative bills pending before the Montana State Legislature do attempt to deal with the many uncertainties associated with the interpretation and application of Initiative 105. The best example of a legislative bill that attempts to deal with these many uncertainties is HB-575. HB-575 attempts to deal with many of the uncertainties associated with the correct interpretation and application of Initiative 105 by providing direction to the Department of Revenue and local government units so that they may function smoothly pursuant to Initiative 105. Examples of clarification provided by HB-575 that SB-71 fails to address pertain to such items as: (1) the tax status of property transferred into another taxing jurisdiction; (2) the tax status of property transferred from tax exempt status to private taxable ownership status; (3) satisfaction of court judgments; (4) special improvement districts; (5) levies pledged for the repayment of bonded indebtedness, especially tax increment bonds; and (6) city street maintenance districts, etc. Some of these issues should be of concern to the State of Montana as well with respect to their state property tax assessments.

Senate Bills 381 and 386 are additional examples of legislation introduced during this session that attempt to deal with the aforementioned type of concerns of Montana League of Cities and Towns officials.

Information Sheet on Senate Bill 71

3/2/87

~~43~~ 71

Initiative 105 DID NOT freeze taxes on all classes of property.

SENATE BILL 71 would ameliorate this problem by freezing the mill levy to which NET AND GROSS PROCEEDS TAXES are applied at 1986 levels.

Without passage of SENATE BILL 71, these production taxes could be increased, resulting in a DISINCENTIVE to mineral production.

Passage of SENATE BILL 71 would provide the mineral industry with TAX EQUITY under the law.

67-287

#7  
3-12-87  
SB 47

Amendments to SB 47 (3rd reading bill)

1. Page 4.

Following: line 16

Insert: "(2) The amount of taxes or license or permit fees assessed and collected under subsection (1)(b) may not exceed the combined amounts that would be assessed and collected in the absence of an agreement."

Renumber: subsequent subsections

**DOR** AMENDMENTS TO SENATE BILL NO. 47

THIRD READING COPY

EXHIBIT **#8**  
DATE **3-12-87**  
**SB 47**

1. Title, line 9.  
Following: "LAWFULLY"  
Insert: "AND CONCURRENTLY"

2. Page 4, line 14.  
Following: "lawfully"  
Insert: "and concurrently"  
Following: "by"  
Strike: "the"  
Insert: "state and"  
Following: "+tribal"  
Strike: "government and public"  
Insert: "law"

3. Page 4, line 15.  
Strike: "agencies"

4. Page 4.  
Following: line 21  
Insert: "(4) A public agency and tribal government may  
enter into an agreement authorized under subsection  
(1)(b) if the concurrently imposed tax or license or  
permit fee is assessed at a different rate by state and  
tribal law."

ilb/90  
amendsb47

EX  
3-12-87

EXHIBIT #9  
DATE 3-12-87  
PAGES 47

Testimony of the

ASSINIBOINE AND SIOUX TRIBES

on S.B. 47

Mr. Chairman and members of the Committee, I am Caleb Shields of the Tribal Executive Board, Assiniboine and Sioux Tribes of the Fort Peck Reservation. Thank you for the opportunity to testify concerning S.B.47.

S.B.47 expressly authorizes the State of Montana to enter cooperative agreements with tribes for the assessment and collection of taxes and license and permit fees. Under the bill, the agreement would have to be made in accordance with Montana's existing procedures for negotiation and approval of tribal/state agreements.

We believe that the State already has the authority to enter these agreements with tribes, and, of course, tribes have their own sovereign power to enter into these agreements without any state legislation. However, since the State evidently wishes to clarify its own authority, the Fort Peck Tribes support this legislation.

The Tribes support S.B.47 because it increases the likelihood of revenue sharing between the Tribes and the State in the future. And, as I will discuss further in a moment, tribal/state tax agreements can be advantageous to states as well as to tribes.

A brief discussion of tribal/state agreements in other states will help explain our views on S.B.47. In several states, including South Dakota and Minnesota, tribes and states have entered agreements for the assessment and collection of certain taxes. Although other taxes can be included, the agreements generally focus on sales and excise taxes. States have no jurisdiction to tax sales to Indians on the reservation. However, in practice Indians frequently pay the same price for goods on the Reservation as non-Indians do, but the state, not the tribe, receives the tax revenues. On the other side of the coin, some merchants do not collect sales tax from Indians or non-Indians, and the state loses revenue to which it is entitled.

Under these agreements, the tribe imposes a tax on its members that is the same as the state tax. The tribe and the state then agree that the state will collect the revenue from both taxes and share it with the tribe in proportion to population. The state usually receives a small administrative fee from the tribe's share. Tribes like the arrangement

because it has little actual effect on tribal members, who often paid the state tax anyway, and it generates money for tribal programs. States like the arrangement because it improves collection of taxes on all taxable sales.

There are some Montana taxes that might be particularly appropriate subjects for a tribal/state agreement. For example, Montana's license taxes on motor fuel are imposed on distributors, but reach all Montana citizens in the form of higher prices at the pump. Montana tribes may well wish to raise with the State the possibility of sharing in these revenues. S.B.47 would give them an excellent opportunity to do so.

S.B.47, of course, does not mandate either the Tribes or the State to enter an agreement. It does not mandate imposition of any new taxes, or any change in the distribution of taxes. It authorizes the Tribes and the State to enter an agreement, which would only take place after careful consideration and negotiation by both parties. The bill thus allows tribes and states to explore working cooperatively in their mutual self-interest.

That concludes my testimony. I would be happy to answer any questions you may have.

STATE COORDINATOR OF INDIAN AFFAIRS

10

3-12-87

SB 47



TED SCHWINDEN, GOVERNOR

1218 EAST SIXTH AVENUE

STATE OF MONTANA

(406) 444-3702  
DONALD L. CLAYBORN, COORDINATOR

HELENA, MONTANA 59620

TESTIMONY ON SB 47

Donald L. Clayborn, Coordinator of Indian Affairs  
January 13, 1987

Mr. Chairman, Members of the Committee:

For the record, my name is Louis Clayborn and I am the Coordinator of Indian Affairs for the state of Montana. I am here as a proponent of Senate Bill 47.

The state of Montana recognizes the inherent governmental authority of the seven (7) tribal governments that exist in Montana. As defined by the Indian Reorganization Act; i.e. the Wheeler-Howard Act of 1934; the powers of tribal government have been confirmed both in the court and by U.S. Congressional Act.

The most notable, the Indian Self-Determination Act of 1976; outlines the powers of tribal taxation that have been further defined in subsequent action by U.S. courts and interpretations of the Self-Determination Act, itself.

Tribal governments in Montana recognize their right to tax, as well as the right of the state to tax. This bill will provide for a cooperative effort; a cooperative vehicle for the sharing of revenue derived from taxation of tribal, as well as, non-tribal members within the boundaries of a reservation.

It should be noted at this point that the title of this act authorizes state and tribal cooperative agreements for assessment and collection. In no way does this act, as written, expand or diminish the revenue gathering powers of either state or tribal governments within the exterior of an Indian reservation.

Thank you for your time and if you have any further questions, please feel free to direct them to me.

DLC/rh

SB 47  
Jim Halverson  
Reas. Co. Comm  
3-12-87  
EX

ENCL  
DATE 3/12/87  
HB 47

The Government of this United States promotes and pressures for integrating of all peoples in this country and others around the world except for the American Indian, which our Government chooses to segregate, to create separate nations, separate powers, special benefits and less responsibilities.

In Montana, we have seven Indian reservations and thereby seven tribal governments not subject to the laws of this state, nor subject to the taxation of state or local governments; while at the same time entitled to and receiving all of the benefits the laws and taxes provide. All tribal members' homes, cars, machinery, etc., are exempt from taxation.

These tribal governments are now intending to levy taxes on operators doing business on Indian lands on these reservations. Monies raised from these taxes are to be used for tribal government purposes and not to provide any general services to the public which are currently provided by the local taxpayer. No benefit will be received by those paying tribal taxes. This is taxation without representation.

These taxes paid to the tribal governments could be challenged in the future either through the courts or by Federal legislation as double taxation. Congressional legislation is being sought to provide relief by giving credit against state and local taxes for taxes paid to the tribe.

SB 47, no matter what you will be told, will in the future be interpreted to allow the State of Montana and the Department of Revenue to collect these taxes for the Indian tribes in Montana. This bill as law could be interpreted in the future

to allow the Department of Revenue to make settlements or to negotiate away state of local government interests. Section 6 of this bill allows the Department of Revenue to make rules--that alone is enough to send chills up your spine. If there are to be court challenges, so be it. These decisions should be made by Congress or the courts and certainly not the Department of Revenue.

The bill authorizes any public agency to enter into an agreement with any tribal government to assess and collect any tax imposed by the tribal government. This bill will allow the Department of Revenue to make agreements with the tribes concerning collection of license fees, permits and possessory and property tax. This Bill will allow the Department of Revenue to make agreements with the tribes concerning collection and returning to the tribes taxes on cigarettes, alcohol and motor fuels. Cigarettes are now being sold tax free by some small Indian-owned stores on reservations. On the Fort Peck Reservation, we have four small independently Indian-owned businesses commonly called Smoke Shacks operating on Indian-owned land. These are small Seven-Eleven or Circle K types, with the major difference being selling of tax free cigarettes. Selling tax free cigarettes is their edge. It is not unlawful for the Indian to sell tax free cigarettes on the reservation, nor is it unlawful for an Indian to sell tax free cigarettes to a non-Indian. It is unlawful for the non-Indian to purchase non-taxed cigarettes. It has been impossible to enforce laws against non-Indians buying or possessing non-tax cigarettes.

Through SB 47, the Department of Revenue thinks they're going to correct the problem by making agreements with the tribal governments to force these operators to sell only taxed cigarettes. In turn, the Department of Revenue will return to the tribal governments the total amount of taxes considered as paid by tribal members. Not only would this be the amount from the Smoke Shack stores, but from all businesses selling cigarettes on the reservation. This would result in a far greater loss in tax revenue to the state of Montana than the way it is now and it will put the state in the business of collecting taxes for the tribes. Not only does this type of state-tribal agreement take away the small business edge that Smoke Shacks have, but in some cases it will effectively put them out of business. But, once it is established that the tribes will share in the tax, from whatever source, it will continue on.

Agreements made between state and tribal governments to return to the tribal governments monies collected from cigarettes, alcohol and motor fuels is merely a system of the state being the tribal tax collector.

This would give the Department of Revenue authority to agree with a tribe to collect a tax imposed by a tribal government, even if the same tax could not be levied by a state or local government agency, or if the tax is unfairly apportioned, or if the tax is not fairly related to services provided by the tribe. All that would be required is for the tribal government to set the tax. It could be that the tax is one to be imposed against a non-Indian on fee patent land within the exterior boundaries of the reservation.

Tribal governments have chosen to segregate themselves from the state of Montana and local governments. Therefore, if they are to be able to tax, it should be their sole responsibility to collect such tax. If the tribal members are to be able to purchase cigarettes, alcohol, motor fuels or whatever, free of state tax, then it is the responsibility of the tribal government or Federal government to provide.

The state of Montana and the Department of Revenue have absolutely no business making these types of agreements to be the tax collectors for sovereign tribal governments.

The state, or any agency of the state, should never be placed in a position where it can become a party to the collection of a tax against its own people that would be illegal to impose for state purposes.

*Vote No*

*Jim Halverson*

*Roosevelt County Commissioner*

WITNESS STATEMENT

# 11  
DATE 3/12/87  
# 47

NAME Illons Tegen Sen. BILL NO. 47  
ADDRESS Box 1679 Helena DATE 3/12/87  
WHOM DO YOU REPRESENT? 1114 Steekgrowers & Cattlewomen  
SUPPORT \_\_\_\_\_ OPPOSE X AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

See Resolution No. 19 adopted by our convention at  
its last convention (Attached)

EX  
Mons Teigen  
3-12-87  
**RESOLUTIONS PASSED BY THE  
MONTANA STOCKGROWERS ASSOCIATION  
May 31, 1986**

**1. PRICE DISCOVERY**

BE IT RESOLVED that the MSGA request the NCA marketing committee conduct an investigation into the existing price discovery systems and its imperfections, and

BE IT FURTHER RESOLVED that alternatives and improvements to the existing price discovery system be recommended. If the results of this investigation point toward manipulation or imperfections within the existing price discovery system, then the procedures or imperfections should be eliminated or regulated.

**2. FUTURES TRADING INVESTIGATION**

BE IT RESOLVED that the MSGA commends and supports the National Cattlemen's Association Futures Trading Subcommittee's request of the CFTC and the CME to investigate the market trading in Live Cattle and Feeder Cattle Contracts between Good Friday, 1986 and Memorial Day, 1986 so as to determine if, during this time period, there was

- 1) Market manipulation, or
- 2) Improper relationships between the cash markets and the futures market.

**3. FUTURES TRADING MORATORIUM**

WHEREAS it appears that both live cattle futures and feeder cattle futures trading have a detrimental affect on the live cattle and feeder cattle market,

THEREFORE, BE IT RESOLVED that the MSGA work toward the elimination of live cattle and feeder cattle futures trading by:

- 1) Directing the NCA to immediately seek a two year moratorium on live and feeder cattle futures trading.
- 2) Directing our Montana Congressional delegation to present legislation to abolish live and feeder cattle futures trading.
- 3) Directing NCA to support such legislation.

**4. PRECONDITIONING**

WHEREAS the State of Montana enjoys the reputation of producing superior feeder calves, and

WHEREAS proper preconditioning practices are beneficial in most weaning programs; and

WHEREAS the producers of feeder cattle might expect a premium when preconditioning is established;

BE IT RESOLVED the Montana Stockgrowers Association endorses a preconditioning program as outlined by the Montana Veterinarian Medical Association.

**5. CANADIAN BEEF IMPORTS**

WHEREAS imports of Canadian beef products appear to be harming the U.S. livestock industry;

THEREFORE, BE IT RESOLVED that the MSGA and NCA support Congressman Marlenee's H.B. 4591 to place a moratorium on all Canadian beef products imported into the U.S.

**6. GVW**

WHEREAS the MSGA resolves that overloaded agricultural commodities trucks, loaded in the country without benefit of scales but found to be overweight at highway scales and required to unload to legal weight before proceeding further, should be allowed to proceed to the nearest market in their direction of travel before making the load legal.

**7. RIPARIAN AREAS**

WHEREAS there has been increased publicity asserting that the grazing of livestock in riparian areas has an adverse effect; and

WHEREAS livestock grazing in riparian areas

is not truly harmful;

NOW THEREFORE, BE IT RESOLVED that the MSGA oppose any action or legislation seeking to stop or regulate livestock grazing in riparian areas.

**8. PUBLIC TRUST DOCTRINE**

WHEREAS the public trust doctrine has been used in other states to affect prior established water rights; and

WHEREAS the public trust doctrine has already been introduced in Montana to deprive landowners of the ability to control access to portions of their land; and

WHEREAS the public trust doctrine advocates including several in the executive branch of Montana's government, who are currently advocating the further use of the public trust doctrine in Montana to reconsider both past and future water allocation decisions and to back away from the prior appropriation water rights doctrine; and

WHEREAS even the Governor of our state has recently stated that he believes that we in Montana need to learn to share our water because "the old rules don't apply anymore" and

WHEREAS agriculture is Montana's largest industry and is dependent on the prior appropriation water rights doctrine; and

WHEREAS the heritage and history of most other Montana development is also based on the prior appropriation water rights doctrine;

THEREFORE, BE IT RESOLVED that the MSGA oppose any use of the public trust doctrine to affect prior existing water rights as affirmed and protected by our Constitution; and

BE IT ALSO RESOLVED that MSGA reaffirm its adherence to and support for the constitutionally guaranteed prior appropriation water rights doctrine and also reaffirm its opposition to any attempts to preempt or replace this doctrine in Montana water law.

**9. WATER ADJUDICATION**

WHEREAS in the present preliminary stages of the water rights adjudication process in Montana, the Water Courts, under the supervision of the Supreme Court, are in general doing an effective and timely job of adjudicating Montana's water rights; and

WHEREAS "temporary preliminary" decrees and "preliminary" decrees by definition will require further refinement as the adjudication process continues; and

WHEREAS demands by downstream states on Montana's waters can be expected to exceed instream flow rights in Montana as already guaranteed to those states; and

WHEREAS accurate early indications of Montana's water claims and rights are in the best interests of forestalling downstream states' claims on our waters as well as enabling the orderly development of additional water rights and water reservations within this state; and

WHEREAS the administration, through its Department of Fish, Wildlife and Parks, has sued the water rights adjudication system to achieve in-stream flow rates which action cannot help but confuse, stall and possibly threaten the process of determining constitutionally guaranteed water rights;

THEREFORE, BE IT RESOLVED that the MSGA support the timely and progressive efforts of the Water Courts to complete the adjudication process within this decade or as soon thereafter as the Water Courts deems practicable.

**10. STREAM ACCESS**

WHEREAS the streambed access has been a complex issue stirring great emotion and many points of view;

BE IT RESOLVED by MSGA that Jimmie Wilson and Executive Vice President Mons Teigen by commended for their efforts to obtain legislative resolution of a very controversial problem.

**11. STREAM ACCESS**

WHEREAS the right to private ownership and utilization of land is a fundamental freedom of this country, and the most basic distinguishing characteristic of our political system, and land use is particularly critical to the livestock industry since the bulk of capital investment in agricultural production and feeding is represented by land values.

THEREFORE, this Association holds:

1) That the Congress of the United States and the Legislature of Montana should protect the right to use private property as provided under the Fifth Amendment of the Constitution of the United States and Article II, Section 29 of the Constitution of the State of Montana;

2) That government interference with the right of the individual to own and use land should be kept to a minimum;

3) The dominant government role in connection with land use should rest with local and state governments;

4) The role of the Federal Government should be limited to that of technical assistance;

5) That the use of land for food production be given high priority consistent with the need for ever-expanding production;

6) That freedom of ownership and land management be recognized as essential to a strong, healthy, and productive agriculture; and

7) The public shall not have access to private property including stream beds and banks without the consent of the landowner;

8) The MSGA encourages the Montana Supreme Court reevaluate its earlier decisions as they affect HB 265 giving due consideration to the foregoing principals and supports the efforts of concerned landowners in this regard.

**12. H.B. 265 AMENDMENT**

WHEREAS the Montana Stockgrowers Association felt that legislation was necessary to address the issues raised by the Montana Supreme Court in Montana Coalition for Stream Access v. Hildreth and Montana Coalition for Stream Access v. Curran; and

WHEREAS the Montana Stockgrowers supported House Bill 265 concerning the recreational stream access in the 1985 Session of the Montana Legislature; and

WHEREAS since the 1985 Session, numerous members of the Montana Stockgrowers Association have become concerned about the constitutionality of House Bill 265 to the extent that it grants public access to the bed and bank of non-navigable streams without landowner consent; and

WHEREAS whether a particular body of water is navigable for purposes of title, is a question of federal law, *Utah v. United States*, 403 U.S. 9, 10, *United States v. Oregon*, 295 U.S. 1, 14; and

WHEREAS the property right of a riparian landowner on a non-navigable stream is a federally protected constitutional right which cannot be taken away without observing the requirements of federal due process. *Robinson v. Ariyoski*, 753 F2 d1468; and

WHEREAS there is a substantial probability that Section 1 (12) of House Bill 265 is in viola-

## RESOLUTIONS CONTINUED . . .

### 24. TORT REFORM INITIATIVE

BE IT RESOLVED that the MSGA supports placing the insurance tort reform initiative on the fall general election ballot by legislative action or should the June special session not adopt such initiative then the MSGA supports placement of the constitutional amendment on the fall ballot by referendum.

### 25. NEW JUDICIAL DISTRICT

WHEREAS Big Horn, Carbon, Yellowstone and Stillwater counties constitute a judicial district and

WHEREAS the territory is too large, physically and the case load too large for the current judicial system;

THEREFORE BE IT RECOMMENDED that MSGA request the legislature to take such action to remedy this situation and create two judicial districts, with Yellowstone County being one by itself.

### 26. QUALIFICATIONS OF PUBLIC OFFICIALS

WHEREAS there are many state boards and commissions in Montana which have members who are not subject to Montana law and have the authority to spend state, local government funds;

THEREFORE BE IT RESOLVED that the MSGA request the State Legislature to implement a law prohibiting any person being elected or appointed to a school board, or any state board or commission who is not subject to criminal or civil jurisdiction of the State of Montana.

### 27. AGRICULTURAL TAXATION

WHEREAS property taxes are becoming an ever increasing burden on the livestock industry;

WHEREAS there is a move to tax the land on which ranch houses and other buildings are located, valuing the land at the same rate as subdivision land;

THEREFORE BE IT RESOLVED the MSGA supports valuation of such land at the value of adjoining such land;

THEREFORE BE IT FURTHER RESOLVED that MSGA work to reduce the property taxes on farm machinery, shop tools and tack.

### 28. CENTRALIZED LIEN FILING

WHEREAS the centralized lien filing system requires the name of the lending institution to be placed on the title of all business and private vehicles when loans are extended to businesses or individuals and when the vehicle is used as collateral for a loan; and

WHEREAS the centralized lien filing system also records on each vehicle title, the dollar figure of the outstanding loans against the business or individual; and

WHEREAS this figure could vary in the amount from year to year and does not reflect a complete or true financial status of the business or individual and is an objectionable requirement;

THEREFORE BE IT RESOLVED that MSGA request the Attorney General and the Secretary of State to correct this situation by having all dollar figures eliminated from all vehicle titles and other public documents, leaving only the lenders' name on these documents;

BE IT FURTHER RESOLVED that MSGA write letters asking for immediate action on this resolution by the Attorney General and Secretary of State.

### 29. SALES TAX

WHEREAS Montana is high among the states in property and income taxes as related to personal taxes; and

WHEREAS our timber, mining, petroleum and agricultural industries are so depressed that their viability is threatened and they are no longer able to provide the revenue demanded to fund state and local services including education; and

WHEREAS tourism is a major industry in Montana and would generate large sums of revenue from a sales tax; and

WHEREAS continued heavy reliance on present tax sources is an obstacle to Montana's economic recovery;

THEREFORE BE IT RESOLVED that the MSGA support a general retail sales tax to broaden the tax base and provide property tax relief;

BE IT FURTHER RESOLVED that MSGA study the issue and develop specific legislative recommendations.

### 30. WORKMENS COMPENSATION

WHEREAS the National Council on Compensation Insurance advises that Montana is rated the third (3rd) liberal among the thirty-eight (38) states that belong to the council; and

WHEREAS Montana rates are higher than surrounding states; and

WHEREAS benefits are higher, and are exceeding the ability of revenue to finance these benefits;

NOW, THEREFORE, BE IT RESOLVED that the MSGA seek introduction and support of State legislation that will effectively bring the premium rates, which agricultural employees pay for Worker's Compensation, more in line with those in adjoining states;

BE IT FURTHER RESOLVED that such legislation also require the expenditures in benefit payment schedules be re-evaluated so that premiums collected will pay the benefits.

### 31. LIVESTOCK DEPARTMENT FUND DEDICATION

WHEREAS the Department of Livestock provides for its operation wholly on funds "ear-marked" for livestock use, i.e., livestock taxes, predatory taxes, etc., and

WHEREAS it has been proposed to help balance the State Budget by taking "ear-marked" funds from the Department of Livestock and placing them in the General Fund;

THEREFORE BE IT RESOLVED by the Montana Stockgrowers Association that necessary measures be taken to prevent using "ear-marked" funds for any purpose other than those budgeted by the Department of Livestock.

### 32. CONDOLENCE

WHEREAS during the past year MSGA has lost many of its faithful and valued members by death; and

WHEREAS their council and friendship is and will be missed,

NOW THEREFORE BE IT RESOLVED that MSGA acknowledge their dedicated service to the industry and express our condolences to their families.

### 33. RATIFICATION

BE IT RESOLVED that the actions of the officers and executive committee of the MSGA during the period of April 30, 1985 up to and including April 30, 1986, in administering the affairs of the Association, are hereby approved and ratified; and

BE IT FURTHER RESOLVED that the official acts of said officers and the executive committee for the same period are hereby expressly approved insofar as said actions are within the scope of their authorized activities.

### 34. APPRECIATION

WHEREAS the MSGA has been privileged to

enjoy the hospitality of Kalispell, we wish to express our appreciation to all who did so much to make this, our 102nd annual convention, such a successful meeting;

THEREFORE BE IT RESOLVED that we do hereby extend our sincere thanks to the business people of Kalispell, our speakers, the Montana Cattlewomen, our host hotel, the Outlaw Inn, the Allied Industries Committee, and to all who contributed to the success of the convention.

## RECOMMENDATIONS PASSED BY THE MONTANA STOCKGROWERS ASSOCIATION May 31, 1986

### 1. AGRICULTURAL CREDIT

BE IT RECOMMENDED by the MSGA that the NCA immediately institute work in conjunction with the FHA and other federal lending agencies to develop ag credit programs which produce loans and competitive interest rates which are more marketable than present programs and which extend needed credit to the agricultural community.

### 2. BEEF TARIFF STUDY

BE IT RECOMMENDED that the MSGA study the feasibility of implementing a tariff tax on imported beef so that the money collected could go to the producer on a pro rata basis with a percentage going to the Beef Council.

### 3. AGRICULTURAL EXPERIMENT STATION FUNDING

WHEREAS there has been a cutback in funds for the Montana Ag Experimental Station's program,

THEREFORE BE IT RECOMMENDED that when the Montana Experimental Station staff establish cutbacks in its programs, that the staff call a joint meeting of the Advisory Committees to review the program and proposed cutbacks.

### 4. JUDICIAL CANDIDATES

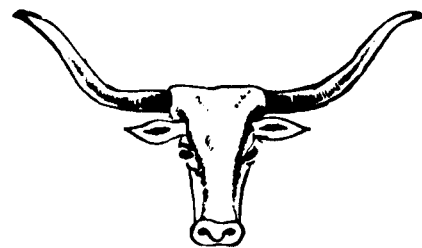
WHEREAS background information on judicial candidates would be helpful to the Association members in electing these officials;

NOW THEREFORE BE IT RECOMMENDED that MSGA compile background information on judicial candidates and distribute it to the membership.

### 5. BOUNDARY FENCE MAINTENANCE

WHEREAS the MSGA supports legislation to define the responsibility of maintenance of boundary fences;

THEREFORE BE IT RECOMMENDED that the MSGA support legislation providing that the right hand half of a fence with an adjoining landowner will be the landowner's responsibility to maintain, with a "legal fence" as defined in statute 81-4-217, unless there is mutual agreement otherwise.



2  
47

WITNESS STATEMENT

EXHIBIT #12  
DATE 3-17-87  
# 47

NAME Colleen Johnson BILL NO. Senate 47  
ADDRESS 2604 Alderbrook Helena, Mt 59601 DATE \_\_\_\_\_  
WHOM DO YOU REPRESENT? Myself & our family ranch Spars O Ranch Besky Mt.  
SUPPORT \_\_\_\_\_ OPPOSE X AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: I oppose Senate Bill #47 this bill will only  
cause further stress and problems between the indians  
& nonindians who live, work and own land on the  
reservations.

EX  
3-12-87  
G. M. MONTANA

**MONTANA  
ASSOCIATION OF  
COUNTIES**

1802 11th Avenue  
Helena, Montana 59601  
(406) 442-5209

#14  
3-12-87  
AB 200

March 12, 1987

Representative Jack Ramirez, Chairman  
Members of House Taxation Committee

SUBJECT: Senate Bill 200

I am writing on behalf of the Montana Counties to request your support of Senate Bill 200 introduced by Senator Ed Smith.

Several things must be understood about this very complicated issue relative to the Local Government Block Grant Program.

First, in fiscal year 1987 local governments experienced a \$6,778,588 shortfall in block grant funding. This represents a shortfall of \$4,114,746 more than that which was anticipated at 85% of full funding as a result of the June Special Session (see Table I.)

Second, the shortfall for the biennium, as displayed in the Budget Analysis 1989 Biennium, Volume II, Page C-168, is expected to be \$9,244,767 and \$9,725,258 respectively. This shortfall does not include consideration for the block grant fees on autos scheduled to sunset as of July 1, 1987. If this is taken into account, the program will be short another \$2,313,100 for each year of the biennium (see Appendix A.)

Against these facts SB 200 is the only viable alternative. It is an alternative which falls short of fully correcting the loss of revenue as anticipated under current law. SB 200 will generate an estimated \$9,802,750 over the current vehicle revenue estimated at \$31,212,000. This results in an anticipated revenue loss of \$7,956,191 in each year of the 89 biennium.

At the rate of 2% as set forth in the bill, thirty-six counties will have a net increase in revenue (see Table II), while twenty counties will experience a net loss when compared to revenue from a fully funded block grant (see Table III.) As you can see, the bill does not fully mitigate the impacts of the shortfall in the block grant.

Even with the imposition of the optional .05% tax eight counties will still show a net loss of revenue. Just for the record that loss will be spread proportionate among all taxing jurisdictions according to levies: schools, fire districts, cities and towns, etc. (see Table IV.)

**MACo**

# BLACK GRANT 100% FUNDING 1987

	ACTUAL 1987	REVENUE LOSS 1987	JUNE 30 ESTIMATED DISBURSEMENT	PER COUNTY SETTLEMENT COST
BEAVERHEAD	\$106,987.04	\$40,837	\$1,790.99	\$10,933.22
BIG HORN	\$0.00	\$0	\$0.00	\$0.00
BLAINE	\$0.00	\$0	\$0.00	\$0.00
BROADWATER	\$42,523.40	\$16,231	\$711.85	\$4,345.55
CARBON	\$147,336.54	\$56,238	\$2,466.45	\$15,056.61
CARTER	\$24,916.35	\$9,511	\$417.11	\$2,546.25
OSCARDE	\$1,645,993.73	\$628,274	\$27,554.27	\$168,206.95
CHOUTEAU	\$33,568.20	\$12,813	\$561.94	\$3,430.40
CUSTER	\$350,200.71	\$133,672	\$5,862.45	\$35,787.71
DANIELS	\$25,557.76	\$9,755	\$427.84	\$2,611.80
DEER LODGE	\$260,966.40	\$93,611	\$4,368.64	\$26,668.68
FALLON	\$423,832.50	\$161,777	\$7,095.06	\$43,312.29
FARGIS	\$0.00	\$0	\$0.00	\$0.00
FLATHEAD	\$276,750.00	\$105,635	\$4,632.86	\$28,281.63
GALLATIN	\$1,233,422.64	\$470,797	\$20,647.80	\$126,045.91
GARFIELD	\$1,399,751.10	\$534,285	\$23,432.17	\$143,043.35
GOLDEN VALLEY	\$18,283.10	\$6,979	\$306.06	\$1,868.39
GRANITE	\$80,507.62	\$30,730	\$1,347.72	\$8,227.23
HILL	\$32,749.44	\$12,346	\$102.88	\$628.06
JEFFERSON	\$224,911.50	\$85,849	\$3,765.07	\$22,984.15
JUDITH BASIN	\$216,829.17	\$82,764	\$3,629.77	\$22,158.20
LAW	\$19,278.35	\$7,359	\$322.72	\$1,970.09
LEWIS & CLARK	\$206,147.14	\$78,696	\$3,450.95	\$21,066.59
LINCOLN	\$1,648,003.63	\$623,043	\$27,587.98	\$168,412.77
LIVERTY	\$731.40	\$279	\$12.24	\$74.74
MADISON	\$192,400.98	\$73,439	\$3,220.84	\$19,561.84
MCCONE	\$68,983.33	\$26,331	\$1,154.81	\$7,049.60
MERCER	\$19,903.44	\$7,597	\$333.19	\$2,033.97
MINEAUL	\$45,091.42	\$17,211	\$754.84	\$4,607.98
MISSOULA	\$114,102.24	\$43,553	\$1,910.10	\$11,660.33
MUSSELSHELL	\$2,795,697.80	\$1,067,118	\$46,800.66	\$285,697.92
PARK	\$35,761.92	\$13,650	\$598.66	\$3,654.58
PETROLEUM	\$259,265.64	\$98,962	\$4,340.17	\$26,494.87
PHILLIPS	\$0.00	\$0	\$0.00	\$0.00
PODIERA	\$10,893.73	\$4,158	\$182.36	\$1,113.25
POWDER RIVER	\$73,700.07	\$30,422	\$1,334.20	\$8,144.71
POWELL	\$0.00	\$0	\$0.00	\$0.00
PRAIRIE	\$125,063.02	\$47,739	\$2,093.69	\$12,781.05
RAVALLI	\$18,667.60	\$7,125	\$312.50	\$1,907.68
RICHMOND	\$251,291.04	\$95,918	\$4,206.67	\$25,679.93
ROOSEVELT	\$0.00	\$0	\$0.00	\$0.00
ROSEBUD	\$58,791.74	\$22,441	\$984.19	\$6,008.04
SANDERS	\$143,863.20	\$54,913	\$2,408.31	\$14,701.67
SHERIDAN	\$0.00	\$0	\$0.00	\$0.00
SILVER BOW	\$1,373,141.32	\$526,418	\$23,087.16	\$140,937.19
STILLWATER	\$75,859.74	\$28,956	\$1,269.91	\$7,752.26
SHEET GRASS	\$62,416.21	\$23,825	\$1,044.90	\$6,378.64
TEIION	\$118,332.24	\$45,167	\$1,980.91	\$12,092.61
TOOLE	\$43,243.97	\$16,506	\$723.91	\$4,413.19
TREASURE	\$7,853.92	\$2,998	\$131.48	\$802.61
VALLEY	\$275,884.00	\$105,305	\$4,618.37	\$28,193.13
WHEATLAND	\$51,351.30	\$19,601	\$853.63	\$5,247.69
WIBAUX	\$5,801.70	\$2,215	\$97.12	\$52.89
YELLOWSTONE	\$3,094,181.24	\$1,181,049	\$51,797.35	\$316,200.53
TOTAL	\$17,758,941.03	\$6,778,587.73	\$297,289.00	\$1,814,821.50

## TABLE II

### COUNTIES EXPERIENCING GAINS AT 24

RICKLAND	\$204,629.29
RAVALLI	\$161,487.19
ROSEBUD	\$158,482.08
BIG HORN	\$134,240.60
LAW	\$113,358.31
SHERIDAN	\$102,567.27
LINCOLN	\$102,065.53
CHOUTEAU	\$85,477.77
BLAINE	\$84,614.10
PHILLIPS	\$80,712.54
FALLON	\$75,896.05
ROOSEVELT	\$61,578.72
MADISON	\$60,476.92
POWDER RIVER	\$60,217.36
TOOLE	\$57,072.67
MUSSELSHELL	\$51,426.55
STILLWATER	\$46,452.38
LIVERTY	\$46,212.63
BLAINE	\$43,743.12
PODIERA	\$42,048.22
BEAVERHEAD	\$40,062.87
MCCONE	\$36,088.28
JUDITH BASIN	\$30,923.23
BROADWATER	\$28,646.25
HILL	\$24,242.22
DANIELS	\$21,172.42
GRANITE	\$18,670.87
PETROLEUM	\$16,121.65
WIBAUX	\$14,838.65
GARFIELD	\$14,829.81
GOLDEN VALLEY	\$14,114.85
TREASURE	\$12,325.92
PRAIRIE	\$11,157.87
CARTER	\$9,020.00
TEIION	\$3,633.60
SANDERS	\$1,108.12

## TABLE III

### COUNTIES EXPERIENCING LOSSES AT 24

SHEET GRASS	(11,195.62)
MERCER	(12,929.04)
CARBON	(13,548.95)
WHEATLAND	(18,151.36)
PARK	(124,127.81)
POWELL	(127,595.20)
MINEAUL	(160,182.08)
FARGIS	(168,019.54)
DAWSON	(183,633.61)
JEFFERSON	(193,415.91)
VALLEY	(117,164.87)
CUSTER	(165,165.89)
FLATHEAD	(1270,485.27)
DEER LODGE	(1274,741.99)
OSCARDE	(1627,970.49)
BALLATIN	(1703,057.02)
SILVER BOW	(1923,055.09)
LEWIS & CLARK	(1972,455.41)
YELLOWSTONE	(1,545,676.91)
MISSOULA	(11,740,334.87)

## TABLE IV

### COUNTIES EXPERIENCING LOSSES AT 2.54

CUSTER	(13,730.89)
MINEAUL	(112,764.58)
BALLATIN	(194,373.27)
YELLOWSTONE	(102,351.91)
DEER LODGE	(140,139.49)
LEWIS & CLARK	(1372,109.19)
SILVER BOW	(1504,118.84)
MISSOULA	(1803,418.62)

DEPARTMENT OF COMMERCE  
Page 39Table 20  
Local Government Block Grant Funding Options

	- - - - Fiscal 12988 - - - -		- - - - Fiscal 1989 - - - -	
	<u>Revenues</u>	<u>Percent of Program Funded</u>	<u>Revenues</u>	<u>Percent of Program Funded</u>
Fully Funded LGBG Program	\$17,971,867	100.0%	\$18,356,358	100.0%
Option A:				
Oil Severance Tax	6,414,000	35.7%	6,318,000	34.4%
Option B:				
Oil Severance Tax	6,414,000		6,318,000	
Reinstate Vehicle Fees	<u>2,313,100</u>		<u>2,313,100</u>	
Total Option B	<u>\$ 8,727,100</u>	<u>48.6%</u>	<u>\$ 8,631,100</u>	<u>47.0%</u>
Option C:				
Oil Severance Tax	6,414,000		6,318,100	
Reinstate Vehicle Fees	2,313,100		2,313,100	
Raise Vehicle Fees (\$5.00/veh)	3,220,000		3,220,000	
General Fund	<u>5,000,000</u>		<u>5,000,000</u>	
Total Option C	<u>\$16,947,100</u>	<u>94.3%</u>	<u>\$16,851,200</u>	<u>91.8%</u>
Option D:				
Oil Severance Tax	6,414,000		6,318,000	
Reinstate Vehicle Fees	2,313,100		2,313,100	
Raise Vehicle Fees (\$5.00/veh)	<u>3,220,000</u>		<u>3,220,000</u>	
Total Option D	<u>\$11,947,100</u>	<u>66.5%</u>	<u>\$11,851,100</u>	<u>64.6%</u>
Option E:				
Oil Severance Tax	6,414,000		6,318,000	
(Current Level) General Fund	<u>11,557,867</u>		<u>12,038,358</u>	
Total Option E	<u>\$17,971,867</u>	<u>100.0%</u>	<u>\$18,356,358</u>	<u>100.0%</u>

ISSUE 2: CONTINUED GENERAL FUND SUPPORT OF DISTRICT COURT CRIMINAL CASES COSTS

The 1985 legislature provided general fund for certain expenses related to criminal cases in district courts. Section 3-5-901, MCA, states certain costs which the state would assume to the extent funds were available. In fiscal 1986 the legislature appropriated \$3,079,720 and for fiscal 1987 \$2,995,229 was appropriated. Of the \$3,079,720 appropriated in fiscal 1986, \$2,503,250 was expended.

To offset the costs to the general fund the legislature added to the vehicle registration fee which was deposited into the general fund. The cost of the fee is dependent upon the age of the vehicle being registered. Table 20 contains the current fee schedule.

EX  
3/12/87  
SB200

EXHIBIT 15  
DATE 3-12-87  
HB 200

MISSOULA COUNTY  
DISTRICT COURT FUND  
CRIMINAL CASE EXPENSE  
REIMBURSEMENT PROGRAM REPORT

JANUARY 1987

RICHARD VANDIVER  
COURT OPERATIONS OFFICER

# Montana County Treasurers' Association

#16

The Honorable Representative Jack Ramirez  
Chairman, House Taxation Committee  
Members of the Taxation Committee  
March 12, 1987

RE: Senate Bill 200

Senate Bill 200 deals with a new concept in motor vehicle fees.

If a new system is deemed proper at this time, let us all make the effort in the beginning to make the system workable and feasible.

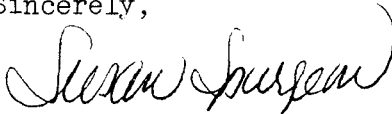
Allowing counties the option of an additional percentage above what is proposed in Senate Bill 200 will not work.

Please take the time and effort - in the beginning - to make the new system UNIFORM, fair, and consistent across the State of Montana. By doing so, it will make the local government's job of collecting and distributing the proper funds easier, without concern that by allowing the additional percentage people will cross county boundaries to license their vehicle at a cheaper rate.

It is apparent that the current system - mainly the reimbursement from the Local Block Grant Program - is not working and not giving the counties the needed revenue.

Again, if change is to be, make the program fair and workable from the beginning.

Sincerely,



Susan Spurgeon, President  
Montana County Treasurers' Assoc.  
Fergus County Treasurer

80320  
3-13-87  
Kerph Anderson  
Montana

# **REMINDER VEHICLE OWNERS VEHICLE FEE SCHEDULE FOR 1987 RE-REGISTRATIONS ONLY**

**MONTANA LAW REQUIRES ALL VEHICLES TO CARRY LIABILITY INSURANCE**

Registration of your vehicle is determined by year and weight

PASSENGER CARS	(028) UNDER 2850 Lbs.	(030) OVER 2851 Lbs.
1987 to 1983	\$105.50	\$136.00
1982 to 1980	63.50	82.50
1979 and Older	23.50	35.00

MOTORCYCLES	UNDER 200cc	201cc to 749cc	750cc & over
1987 to 1985	\$20.00	\$44.00	\$84.00
1984 to 1981	12.00	24.00	44.00
1980 and Older	8.00	14.00	24.00

**SNOWMOBILES**

1987 to 1985	\$24.50
1984 and Older	17.50

**TRAVEL TRAILERS**

1987 to 1985	\$44.00
1984 and Older	19.00

**MOTOR HOMES**

**ALL ARE OVERWEIGHT**

1986	\$212.50
1985	192.50
1984	157.50
1983	112.50
1982	87.50
1981	62.50
1980	37.50
1979 and Older	27.50

Ex #19  
3-13-87  
\$200

TRUCKS	(028) UNDER 2850 Lbs.	(030) 6M GVW OVER 2851 Lbs.	8M GVW 10,000
1987 to 1983	\$118.00	\$143.50	\$148.50
1982 to 1980	76.00	90.00	95.00
1979 and Older	36.00	42.50	47.50

If your Vehicle is a pickup under (1) Ton It is also taxed under the flat fee system. All trucks are required by state law to carry Gross Vehicle Weight (GVW). 6000 lbs. is the minimum GVW. Add \$10.00 for all 10,000 lbs. GVW.

**OWNER'S CERTIFICATE OF REGISTRATION AND PAYMENT RECEIPT**

Current Plate 05-0000	Type PC	Year 85	Make FORD	Model THUR	Style 2D	Color RED
EXPIRATION DATE 12/31/86	Vehicle Ident/Motor No JH11275896340		Title Number K8743			
Tab No 4678	Gas (1) Diesel (2) LPG (3)	1	Equip No	Upplng Wt (030)	Fonc's. M. ETC	
Registered Owner's Name and Address James & Betty Doe # 4 Main St. Helena Mt. 59601						
Lienholder's Name and Address			Lien Amount			
Val'd. by	Market Value Flat Fee	Feasible Val	School Dist # 1	Mill Levy	Co 5	
Treas or Dep 1	I CERTIFY UNDER PENALTY OF LAW THAT THIS VEHICLE IS INSURED AS PRESCRIBED BY MONTANA STATUTE TITLE 81, CH 8, PART 3, MCA			Signature of Registered Owner X		
Date Issued 1/4/86	HOLD ONLY OUT OF STATE REGISTRATION INFORMATION					
Legal Domicile MONTANA	Out of State	Title No.	State	Zip		
REGISTRAR'S COPY			-VOID -		00963352	

<b>GVW LICENSE CLASS</b>	
100%	75%
55%	30%
SCH. 3	
GROSS WT.	Lbs.
<b>EXPIRES</b>	
<b>FEES PAID</b>	
GVW Fee	
New Use Tax	
M.V. Fee	109.00
Co Tax	7.00/7.50
Reg Fee	10.00/2.00
Title	
Junk Vehicle	.50
F.W. & P	
Co Total	136.00
Title	
Lien	
Pers Plate	
Dup Plate	
TOTAL	136.00

**PLEASE RETURN YOUR BLUE OR GREEN RECEIPT WITH YOUR CHECK**

\* Your re-registration fee is due no later than 25 days from expiration date. An additional \$5.00 fee for all personalized license plates must be added to fees shown. If applying by mail, add 75 cents for postage and handling. Mail to Lewis and Clark County Treasurer, Motor Vehicle Department, P.O. Box 557, Helena, Montana 59624.

(Helena Independent Record)



**DONALD R. TUTTLE**  
Montana State Director  
251 Sheafman Creek Road  
Victor, MT 59875  
(406) 961-3171

March 12, 1987

The House of Representatives, Taxation Committee Hearing

Mr. Chairman and members of the committee.

I am Donald Tuttle from Victor, Mt. and State Director of the Montana Good Sams. I am here on behalf of 3,500 members of this organization.

I am here to speak against SB 200 with respect to the licensing of RV's. We can go along with the 1% on RV's but we are against the 1/2 percent that the Counties are authorized to add on all vehicles.

It looks like everyone is told they have to cut down on their budgets but the Senate turns around and gives the counties more money. If the State can operate on 1% then I don't see where the counties need 1/2% more from a property tax on vehicles.

There is a chapter in the Montana Good Sams which are single persons. Most of these are single women who live on a fixed low income. I don't believe that they can afford to pay higher taxes on licences.

The voters of Montana in the last election voted they are tired of the high property taxes. The Legislature don't want to raise property taxes, but every bill we read is putting a new tax on something.

I'm afraid if this bill is passed with the 1 1/2% property tax on RV's that it will force retired people to find some other state to get their license. 90% of this organization is made up of retired RV owners. You will not only lose the RV license but that of their cars and possibly their income tax. It was done before when we had this same type of licence system.

I can license my motor home in Oregon for \$109 for two years. With SB 200 it will cost me \$450 per year.

The Good Sam Club of Montana for years has worked with the State trying to help them save money.

1. We clean campgrounds before the camping season opens (painting tables, benches, toilets, cleaning up fallen limbs from trees.
2. We furnish chapters to help the Fish & Game people on the Smith River every year.
3. Our people are campground hosts at many campgrounds.
4. We are involved in the Law Enforcement Torch Run for Special Olympics.

TL ENTERPRISES, INC.

Trailer Life • MotorHome • Rider • Hi-Way Herald • Good Sam Club • Good Samparks • Good SamTours • RVBusiness • Rider Motorcycle Touring Club • Book Division • Benbow Valley RV Resort • Trailer Life's RV Campground & Services Directory • Publisher's Typography

The Good Sam Club

We use our motorhoms following the law officers as they run across Montana. We pick the officers up after they run and carry them until they are ready to run. While in our motorhomes they rest, are furnished food and drinks. We travel at approximately 4 mph all day. This expense is born by the owner of the RV. He asks for no reimbursement. He wants to do it and loves to do it. The Good Sam Club is out to help whenever and wherever they are needed.

We do this because we love to do it but we feel if we didn't do this the State would have to pay for man hours or they might have to close campgrounds.

We can live with 1% but not  $1\frac{1}{2}\%$  on RV's license.

Thank you for listening. Have a nice day.

*Donald R. Tuttle*  
Donald R. Tuttle  
Montana State Director

088/342 Lloyd Anderson  
B7D

#21  
3-12-77

I am Lloyd Anderson E. Helena Mt.

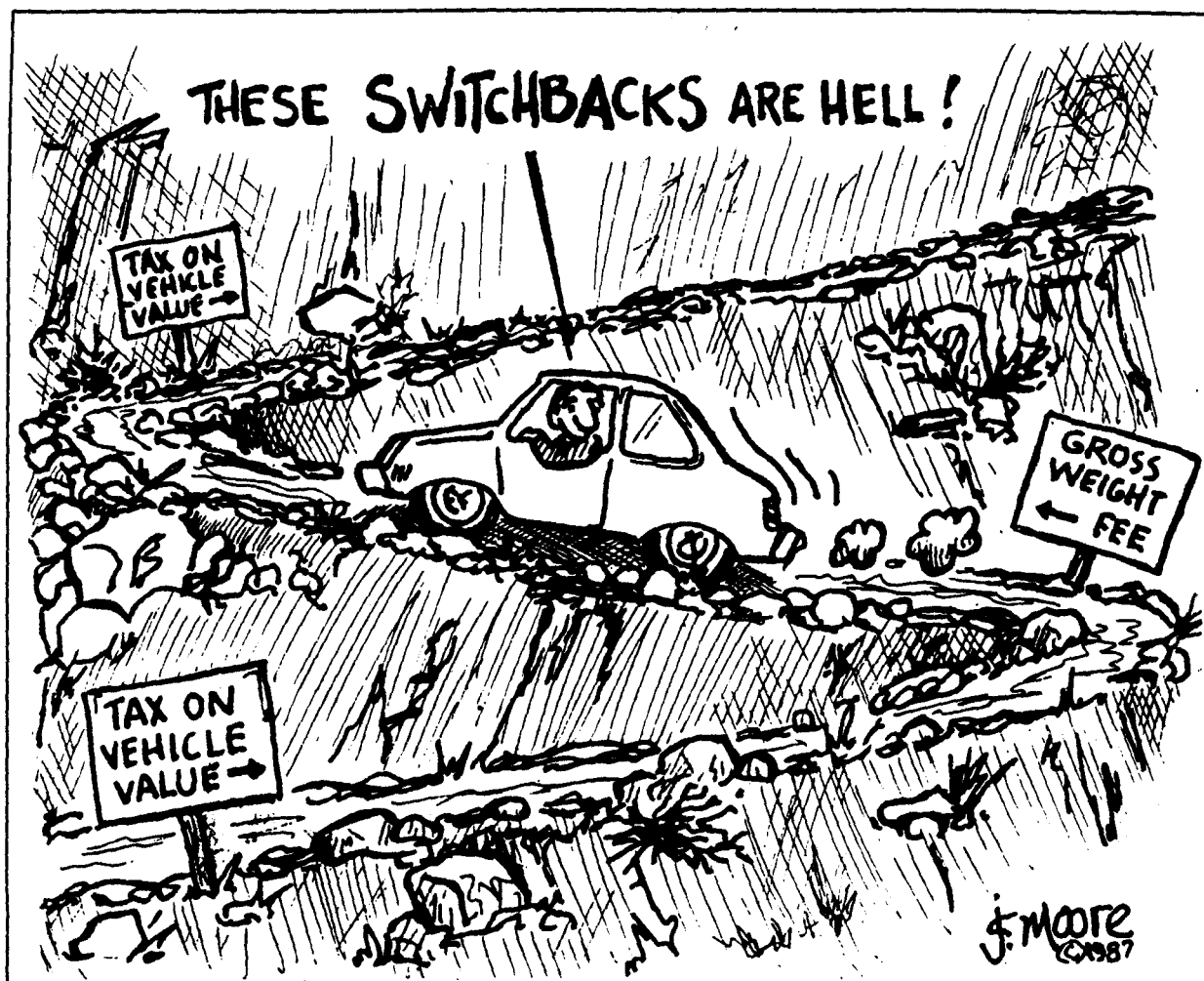
I am a member of Good Sam Holiday Ranch  
we do not object to taxes if fair & equitable to all.

we oppose S.B. 200 for the following reasons:

1. it will very likely create lines at the license window
2. R.V. owners who go south for winter will license out of state if taxes are too high.
3. younger R.V. owners will not be able to own one
4. we are opposed to the option to raise the tax by the County.
5. many low income older residents who saved & managed to acquire an R.V. outfit that is used only a few times a year will be unable to pay license fees if the cost is out of reason.
6. vehicle & R.V. owners will be unable to mail a check to treasure in their County as they don't know how much to send.
7. R.V. owners who leave the state will not return.

therefore I recommend a do not pass on S.B. 200  
or amend R.V. out

THESE SWITCHBACKS ARE HELL!



Roger Marden

Ex #



3-12-87

SB 200

Roger Marden 265-5093  
Marie Marden 265-7242  
Steve Marden 265-7242

**Jayco**

## MARDEN'S TRAILER SALES

220 West First Street • Havre, Montana 59501 • Phone (406) 265-7773

TENT TRAILERS • TRAVEL TRAILERS  
PICK UP CAMPERS • 5th WHEELS  
MINI-MOTOR HOMES • RV PARTS  
and ACCESSORIES

EXHIBIT #22  
DATE 3-12-87  
SB 200

Dear State Representative:

You have before you for your consideration a proposed piece of legislation that causes me a great deal of concern not only as a businessman but as an individual light motor vehicle owner and a recreational vehicle owner as well.

This proposed legislation is Senate Bill 200. This bill would replace the fee in lieu of tax on light vehicles, motorcycles, quadricycles, motor homes, travel trailers and campers with a property tax.

This proposed property tax on an automobile or truck having a rated capacity of three-quarters of a ton or less, and on a motorcycle or quadricycle is determined by the county treasurer and is based on 2% of the value determined under 61-3-503.

The amount of tax on a motor home, travel trailer or camper is based on 1% of the value determined under 61-3-503.

I have randomly taken ten travel trailers that are currently being sold in the state of Montana and have compared the cost to license them under the proposed property tax schedule to the current flat fee schedule.

The values of the units in the sample were obtained from the January 1987 N.A.D.A. Recreational Vehicle Guide.

The 10 travel trailers in my sample range in age from 0 to 9 years old and in size from 12 to 35 feet. In the sample are three travel trailers (identified as p.t.), 4 tent trailers (identified as t.o.p.t.) and 3 5th wheel trailers (identified as 5th w.).



# Jayco

## MARDEN'S TRAILER SALES

220 West First Street • Havre, Montana 59501 • Phone (406) 265-7773

Roger Marden 265-5093  
Marie Marden 265-7242  
Steve Marden 265-7242

TENT TRAILERS • TRAVEL TRAILERS  
PICK UP CAMPERS • 5th WHEELS  
MINI-MOTOR HOMES • RV PARTS  
and ACCESSORIES

In looking at the travel trailers in the sample 2 units would cost less to license under the proposed legislation and 8 would cost more. One trailer, the 1987 Airstream, would increase by 290.63% and the average price increase of the entire sample would be an increase of 115.08%.

I have also analyzed 10 motorhomes that are currently being sold in the state of Montana. These range in size from 20 to 35 feet and are from 0 to 9 years old.

The cost to license these 10 motorhomes under the proposed legislation would increase from a low of 0% to a high of 557.33%. The 10 units showed an average increase in the cost to license of 45.30%.

This percentage increase is misleading however because of the fact that the cost to license a brand new motorhome the first year would be the same under the proposed legislation as it is under the current law because a new motorhome owner has to pay a new vehicle tax that is .015 percent of the wholesale value. If we were to throw out of the sample altogether the brand new motorhome the other 9 motorhomes would have increased by an average of 72.58 percent.

If we add the two samples together the cost to license the 20 units in our sample would increase by an average of 56.45%.

Roger Marden 265-5093  
Marie Marden 265-7242  
Steve Marden 265-7242



# MARDEN'S TRAILER SALES

220 West First Street • Havre, Montana 59501 • Phone (406)265-7773

TENT TRAILERS • TRAVEL TRAILERS  
PICK UP CAMPERS • 5th WHEELS  
MINI-MOTOR HOMES • RV PARTS  
and ACCESSORIES

Table I

<u>Year</u>	<u>Brand</u>	<u>Type Length</u>	<u>Used Wholesale</u>	<u>Proposed TAX</u>	<u>Current TAX</u>	
1987	Airstream	28' P.T.	\$15,625	\$156.25	\$40	Proposed TAX
1986	Alpenlite	29' P.T.	\$14,532	\$145.32	\$40	
1985	Coachman	26' P.T.	\$6930.	\$69.30	\$40	\$526.97
1984	Coleman	24' C.P.T.	\$1210	\$12.10	\$35	/ 10-divide
1983	Shasta	20' C.P.T.	\$1870	\$18.70	\$15	\$52.69
1982	Palamino	12' C.P.T.	\$770	\$10.00*	\$15	Current TAX
1981	Jayco	18' C.P.T.	\$2120	\$21.20	\$15	
1980	Kit	35' 5th w.	\$5320	\$53.20	\$15	\$245.00
1979	Prowler	24' 5th w.	\$2570	\$25.70	\$15	/ 10-divide
1978	Wilderness	17' 5th w.	\$1520	\$15.20	\$15	\$24.50
10 unit Totals			<u>\$52,695</u>	<u>\$526.95</u>	<u>\$245.00</u>	

\* According to the proposed legislation nothing would ever be valued at less than \$1000 nor would any tax be less than \$10.00

Table II Motor Homes

<u>Year</u>	<u>Brand</u>	<u>Length</u>	<u>Used Wholesale</u>	<u>Proposed TAX</u>	<u>Current TAX</u>	
1987	Born Free	24'	\$32,308	\$484.62	\$484.62	Proposed TAX
1986	Coachman	21'	\$20,065	\$200.65	\$200.00	
1985	Cruise Air	33'	\$26,200	\$262.00	\$180.00	\$1873.87
1984	El Dorado	35'	\$23,000	\$230.00	\$145.00	/ 10-divide
1983	Hol. Ram.	24'	\$17,450	\$174.50	\$100.00	\$187.38
1982	Honey	24'	\$11,430	\$114.30	\$75.00	Current TAX
1981	Itasca	29'	\$16,640	\$166.40	\$50.00	
1980	Jayco	23'	\$8,150	\$81.50	\$25.00	\$1289.62
1979	Southwind	28'	\$9860	\$98.60	\$15.00	/ 10-divide
1978	Tioga	20'	\$6130	\$61.30	\$15.00	\$128.00
10 unit Totals				<u>\$1873.87</u>	<u>\$1289.62</u>	



**Jayco**

## MARDEN'S TRAILER SALES

220 West First Street • Havre, Montana 59501 • Phone (406) 265-7773

TENT TRAILERS • TRAVEL TRAILERS  
PICK UP CAMPERS • 5th WHEELS  
MINI-MOTOR HOMES • RV PARTS  
and ACCESSORIES

Roger Marden 265-5093  
Marie Marden 265-7242  
Steve Marden 265-7242

While this sample is a small one I feel that it is a very representative one and if all the campers, travel trailers, and motorhomes currently registered in the state of Montana were to be analyzed I am confident that the overall percentages would be very close to the ones I have presented.

In trying to weigh the pros and cons of SB 200 I have trouble understanding several facts and figures as presented in the fiscal note of this bill on form BD-15. I have had several phone conversations with members of the department of Revenue, the motor vehicle Department and the primary sponsor of the bill yet several of my questions are still unanswered or unclear to me.

I urge each and every one of you to try to find out the answers to some of these questions before you vote on SB 200.

I find it very difficult to believe that with the very expert knowledge and expertise we have working for us in our state government, not too mention our sophisticated computer equipment, that no one is able to come up with a dollar amount for revenue taken in for trailer flat fees and motorcycle flat fees under our current law.

According to the Department of Motor Vehicles there were 488,178 light vehicles titled and registered in the state during fiscal year 1986. I was told that motorhomes are included in this total. on line 5 of the assumptions of the fiscal note on SB 200 it is stated that there will be 677,386 light motor vehicles licensed in FY 88 and



# Jayco

## MARDEN'S TRAILER SALES

220 West First Street • Havre, Montana 59501 • Phone (406)265-7773

TENT TRAILERS • TRAVEL TRAILERS  
PICK UP CAMPERS • 5th WHEELS  
MINI-MOTOR HOMES • RV PARTS  
and ACCESSORIES

Roger Marden 265-5093  
Marie Marden 265-7242  
Steve Marden 265-7242

489,165 in FY 89. There is a big discrepancy in these figures. which is correct?

If this proposed legislation were to pass 48 (Grade 7 step) clerks would have to be hired as well as \$25,000 worth of forms and manuals would have to be purchased. A Grade 7 step 2 clerk would earn \$12,665.00 per year. Thus the cost to hire 48 of these would be \$607,920.00. If we add the \$25,000 worth of manuals to these figures we come up with an annual expenditure of \$632,920.00.

Under the expenditure portion of the fiscal note we are showing an expenditure of \$885,660.00 This is \$252,740.00 more than the cost of the manuals and the new employees. Where is this money going?

A large percentage of motor home and travel trailer owners are retired persons who are no longer employed within the state. We must ask ourselves, "How many of these people will license their vehicles in states such as Arizona where they will cost much less to license than they do here?" We will get no revenue from these people and should SB 200 pass I will encourage my customers who are able to license their vehicles out of state to do so. I will also actively encourage all other RV dealers to advise their customers to do like wise.

There is also a provision in SB 200 that would allow each county to impose an optional tax of 0.5% on all vehicles also. It is my feeling that all counties will do this thus our actual taxes will be either 2 1/2% or 1 1/2% not 2% and 1%.



# Jayco

## MARDEN'S TRAILER SALES

220 West First Street • Havre, Montana 59501 • Phone (406)265-7773

Roger Marden 265-5093  
Marie Marden 265-7242  
Steve Marden 265-7242

TENT TRAILERS • TRAVEL TRAILERS  
PICK UP CAMPERS • 5th WHEELS  
MINI-MOTOR HOMES • RV PARTS  
and ACCESSORIES

As a concerned citizen I urge you to take a good hard look at SB 200 and consider all of the ramifications of the bill before casting a vote for the bill.

The people of Montana told each and every one of us in the last election that they did not want anymore increases in taxes. Please listen to these people who voted you into your present office. We need to find more ways to cut expenses rather than always looking for ways to raise more revenue.

It is my feeling, as well as the feeling of many customers and people I have talked to that SB 200 is not in the best interest of the citizens of the state of Montana.

I encourage you to vote against SB 200 for that reason. Thank you very much for your time and consideration in this matter.

Sincerely,

Roger Marden

MOTOR VEHICLE STATISTICS  
CURRENTLY REGISTERED VEHICLES BY PLATE TYPE

COUNTY	PASSENGER CAR	PERSONAL PLATE	TRUCK	TRAILER	CYCLE	AMATEUR RADIO	NATIONAL GUARD	DISAULED VETERAN	EX PON	HANDICAP	MILITARY RESERVE	COUNTY TOTAL
MILWAUX	701	33	831	187	23	0	2	0	0	2	0	1,779
GOLDEN VALLEY	485	40	646	201	23	1	0	0	1	6	0	1,403
MINERAL	1,743	177	1,432	476	134	0	2	8	0	12	1	4,045
PETROLEUM	239	25	453	185	6	0	0	0	0	0	2	1,001
LINCOLN	8,946	631	7,512	2,929	702	9	22	12	8	19	3	20,793
UNKNOWN	29	4	23	23	3	0	0	0	0	0	1	83
STATEWIDE	44,294	44,323	285,381	107,307	27,493	421	1,509	309	117	2,067	427	912,382
EXPIRED VEHICLES												
STATEWIDE	45,230	2,449	27,150	19,034	8,938	10	85	22	2	57	2	103,029
TOTAL VEHICLES												
On FILE	488,178	46,772	312,531	126,471	36,431	431	1,594	331	119	2,124	429	1,015,411



According to the department of motor vehicles there were 21,689 Travel trailers, 869 5th wheels, 381 tent trailers and 774 other trailers registered within the state in 1986.

Since these vehicles are all taxed on the same flat fee schedule they can be combined for a total of 23,713 units.

The current flat fee for any vehicle 3 years old or less is \$40.00, A vehicle 4 years old is \$35.00, and anything 5 years old and older is \$15.00.

Lets assume 25% of the registered units were 3 years old or less, 5% are 4 years old and 70% are 5 years old and older. These units should have produced the following revenue:

<u>Age of unit</u>	<u>Number of units</u>	<u>current tax</u>	<u>Revenue</u>
3 years or less	5927	\$ 40.00	237,080
4 years	1185	\$ 35.00	41,475
5 years or older	16,601	\$ 15.00	249,015
Totals	<u>23,713</u>		<u>\$ 527,570.00</u>

There were also 1,907 campers registered in 1986. The current flat fee for any camper 3 years old or less is \$35.00. Anything 4 years old and older is \$15.00.

Lets assume 20% of the registered units are 3 years old or less and 80% of the registered units are 4 years old or older. These units should have produced the following revenue:

<u>Age of unit</u>	<u>Number of units</u>	<u>current Tax</u>	<u>Revenue</u>
3 years or less	381	\$ 35.00	13,335
4 years or more	1526	15.00	22,890
	<u>1907</u>		
Totals	<del>1526</del> 1907		<u>\$ 36,225.00</u>

In FY 1986 there were 9864 <sup>motor homes</sup> titled and registered in the state. The current flat fee structure for these vehicles is as follows: New vehicle  $1\frac{1}{2}\%$  of retail value, and yr. \$200, 2<sup>nd</sup> yr. \$180, 4<sup>th</sup> year \$145, 5<sup>th</sup> yr. \$100, 6<sup>th</sup> yr. \$75, 7<sup>th</sup> yr. \$50, 8<sup>th</sup> yr. \$25, 9<sup>th</sup> yr. and older \$15.00

Lets assume that 3% of the registered motor homes fall in each of the first 8 categories or age groups and the remaining 7690 are 9 years old and older. These units should have produced the following revenue:

<u>Age of unit</u>	<u>Number of units</u>	<u>Current Tax</u>	<u>Revenue</u>
New ( <sup>1.5%</sup> 25,000 value)	# 290	\$ 375	\$ 108,750
1 yrs. old	290	\$ 200	\$ 58,000
2 yrs. old	290	\$ 180	\$ 52,200
3 yrs. old	290	\$ 145	\$ 42,050
4 yrs. old	290	\$ 100	\$ 29,000
5 yrs. old	290	\$ 75	\$ 21,750
6 yrs. old	290	\$ 50	\$ 14,500
7 yrs. old	290	\$ 25	\$ 7,250
8 yrs. old	290	\$ 15	\$ 4,350
9 yrs. old & older	<u>7544</u>		<u>\$ 113,160</u>
Totals	<u>9864</u>		<u>\$ 446,660</u>

Lets now look at what the 1986 camper, Trailer, and motor Home revenue should have been.

Trailer Revenue	\$ 527,570.00
Camper Revenue	36,225.00
Motor Home Revenue	<u>446,660.00</u>
Total Revenue	<u>\$ 1,010,455.00</u>

I feel that I have been very conservative in my analysis and feel that the actual revenue taken in under our current flat fee structure is considerably higher than the figure I have presented.

If we take my revenue figure (\$1,010,455) and divide it by the number of registered vehicles (35,484) we find that each unit produced a revenue of \$28.47.

If we take the projected revenue from the fiscal note (\$737,530) and divide it by the number of registered vehicles (35,484) we find that proponents of SB 200 are saying that each unit will produce a revenue of \$20.78.

I feel that under our current fee system we are taking in closer to \$40.00 per unit than we are to \$20.00. It is my feeling that the assumption in the fiscal note that the market value of motor homes, travel trailers, and campers in the state is \$73,753,000 is extremely low. The market value is closer to \$150,000,000. than it is to the figure presented to us in the fiscal note.

Lets now take a look at motorcycles and quadricycles. under current law fees for this type of vehicle are based on the age of the vehicle and the cc's of the vehicle. These fees range from \$4 to \$80.00

For the sake of argument we will assume the average cost to license this type of vehicle is \$15.00

According to the department of motor vehicles there were 28,027 cycles registered in FY 86. There were also 41,194 Rugged terrain cars which they told me were 3wheeler and quadracycles. Thus the state should have take in \$1,0383.15

87  
200

WITNESS STATEMENT

#23  
DATE 3-12-87  
BY Joe

NAME FRANK J. SCHAEORN BILL NO. 5B-200  
ADDRESS 1208 No. 8th Ave - Bremmen MT. 59115 DATE MAR 12-87  
WHOM DO YOU REPRESENT? Holiday Rambler Rec. Vehicle Club - MT. State mgt.  
SUPPORT \_\_\_\_\_ OPPOSE X AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

I represent a group of mostly retired people who  
are on relatively fixed incomes. Their R.V.'s are part-time  
use vehicles - most of the time out of state.

Any significant increase in license fees will result in  
these people looking at alternatives - such as licensing out-of-  
state - not purchasing new units - selling the units they now have - etc.

At the present time it is possible to license these vehicles  
in other states and at a considerable savings. Any further  
distortion of this difference and many owners will license out  
of state - as some do now.

While we sympathize with the states need to find additional  
sources of income we ~~for~~ believe this approach is not the  
way to go.

This bill is also in direct conflict with the expressed desire  
of the people to limit property taxes.

We would encourage the legislature to look at options.

We oppose any increase in RV taxes - and this bill.

5B-200

EXHIBIT

3-12-87

200

NAME

REPRESENTING

SUPPORT OPPOSE

Anna Lee Erickson	self		✓
Greg Hobbs	self		✓
Vincent Hobbs	self		✓
Lloyd Anderson	Wood River Halidey Township		✓
Barbara Tuttle	Good Sams.		
RUTH COTE	" "		✓
<del>Walter Tullgren</del>	City of Butte	✓	✓
Janet Jessop	City of Helena	✓	
Barbara Evans	Missoula County	✓	
Richard Vandiver	Fourth Jud Dist / Missoula County		
Richard H. Havelyn	NADAHA		✓
Terry Connolly	Mt. Farmer Union	✓	
Tom Rolfe	Montana Auto Dealers		✓
Robert H. DePaul	Montana Auto Dealers		✓
Larry Tobiasson	Int. Auto Assn		✓
Jimm Mavros	Mont. Auto Assoc.		✓
Wim Van Arsdale	City of Billings	✓	
Alcas Tergen	Mt Stockgrowers Assn	X	
Robert H. Oakland	HADA		✓
Phil Campbell	Mont. Ed. Assoc.	X	
Ivan Mansfield	Mont. Auto Dealers		✓

**SB200**

3-12-81

Representing

Support      Oppose

NAME

<u>Art Lister</u>	City of Missoula	X	
Bruce W. Meier	MSBA	X	
John C. Campbell	MASBO	X	
Bob Correa	Boy. Chamber		R
Roger Marden	Marden's Trailer Sales		X
Debi Brammer	Mt Assoc of Conservation Districts		
Don Pegler	Butte S.I. Bld	X	
Brenda Schye	Montana Cultural Advocacy	X	
"	Montana Library Assoc.	X	
"	Montana State Library Commission		
<u>Shirley</u>	State Librarian	X	

EXHIBIT \_\_\_\_\_  
DATE 3-12-81  
# 200

103 850

## HOUSE TAXATION

COMMITTEE

BILL NO.

Hrs 850

DATE \_\_\_\_\_

3-12-87

SPONSOR

ROTH

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

3-12-87  
47

BILL NO.

SB 47

DATE

3-12-87

SPONSOR

GAGE

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
John M. ...	MAA Co		X
John Halverson	Roosevelt Co Comm		X
Carry D. Dood	Wally Pond Business		X
Ed ...	... 25		X
Carry ...	Ray ...		X
Mons Tegen	lit. Stockgrower & Co. H. ...		X
Colleen Johnson	2604 Goldsmith (yupit)		X
Maurin Barber	mt assessors assoc		X
Deb Branner	mt assng Conservation Dist		X
Dee ...	Black ... ? Products		X
John Branner	MWA		X

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



VISITORS' REGIST

HOUSE TAXATION

3-12-77  
71

COMMITTEE

SB 71

3-12-87

# GAGE

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

EXHIBIT

DATE 3-12-87

200

BILL NO.

SB 200

DATE

3-12-87

SPONSOR

SMITH

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Yaron M...	INAC	✓	
Frank M...	the stockholders Mt. Carmel Home	✓	
VERNARD H. HANSON	SELF - G.S.		X
GENE PIGRON	SELF		X
ETHEL SCHENCK	SELF - GOOD SONS		X
Donald Schenck	" "		X
Douglas K. Schmitz	Jefferson County	X	
George Allen	Mr. Robert Allen		X
John Spurgeon	Legis Co Treasurer		
James C. ...	Route 5, ...		
S. Keith Pedersen	Montana		X
Dave Perkins	Self		X
Dave Anderson	Helena Auto Dealers		X
Kenneth Kueger	Fletcher Co. Comm	✓	
Harold ...	" " "	✓	
Marvin Barber	not assessors assoc	X	
Frank J. Schledorn	Holiday Rancher Rec. Util. Ch.		✓
Donald R. J...ly	Montana Had Sons		✓
Wm. B. COTE			✓
Ken Taylor	MT Chamber of Commerce		✓

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.