

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on February 1, 1989, at 9:00 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: None

HEARING ON SENATE BILL 17

Presentation and Opening Statement by Sponsor:

Senator Tom Beck, District 24, stated Senate Bill 17 was unanimously passed in the Senate in the last few weeks. Senate Bill 200 in the last session, changed the license plate fee system to a percentage of the value of the automobile. Two books were to be used for the automobile appraisal; 1) The National Association of Automobile Dealers Guide and 2) The Guide for Cars of Particular Interest. When citizens came in to license their cars, if they had an older automobile that was not classified in the NAAD Book, they went to the cars of particular interest book which gave an excessively high rate of taxation for older cars. Most of the older cars in the state are not the classic cars that have considerable value and it is unfair to tax people who own these cars at the rate the valuable cars would have. Part of the bill is to eliminate this unfair taxation on older cars and the other part continues the 1/2 mill levy option the counties currently have which has worked out well and is not being abused. The fiscal note on the bill indicates a difference of \$194,000.00. Senator Beck stated the fiscal note was drawn up with the total elimination of the Cars of Particular Interest Guide so there would have to be some adjustment in the amount since this bill does not totally eliminate the guide due to the need for classification of some older cars such as a Rolls Royce and other foreign cars.

Testifying Proponents and Who They Represent:

Rep. Mike Kadas, House District 55

Rep. Ralph Eudaily, House District 60
Beverly Gibson, Montana Association of Counties

Proponent Testimony:

Rep. Mike Kadas urged support of SB 17 stating it is similar to his HB 30. Rep. Kadas there is a difference in his bill and Senator Beck's bill is the effective date and the applicability date. This was rejected by the Senate. Rep. Kadas asked the committee to consider the possibility of inserting an immediate effective date and a retroactive applicability date.

Rep. Ralph Eudaily supports the bill.

Beverly Gibson stated her organization supports the bill and the amendments made in the Senate.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Cohen asked Senator Beck about Rep. Kadas's immediate effective date and retroactive applicability date. Senator Beck replied that the concern of the Senate was that the original effective date was July 1, 1987. If the effective date is changed to January 1, half of the people have paid two year's taxes and the other half have paid one year's taxes so for this reason, the effective date has been made January 1, 1989, so everyone is treated the same.

Closing by Sponsor: Senator Beck thanked the committee for their time and consideration and urged support of SB 17.

DISPOSITION OF SENATE BILL 17

Motion: None

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: Will be considered in Executive Session at a later date.

Presentation and Opening Statement by Sponsor:

Rep. Dorothy Bradley, District 79, asked if the hearing could be continued on her bill due to the inability of several proponents to attend because of the inclement weather. Two people present were allowed to give their testimony since they could not attend next week. Chairman Harrington and the committee concurred. Rep. Bradley gave a short introduction of the bill stating the bill proposes an additional cent per pack tax on cigarettes which would raise the tax from 16 cents to 17 cents per pack. Two-thirds of the money would go to research and development for the Science and Technology Alliance to continue the program currently in place and one-third would go to health related research particularly for the American Cancer Society. Montana is unique in not having state matching funds for cancer research funds from the cigarette taxes.

Testifying Proponents and Who They Represent:

Ray Murray, Research Vice President, University of Montana
John Opitz, Chairman, Department of Medical Genetics,
Shodair Hospital

Proponent Testimony:

Dr. Ray Murray supports the Scientific and Technology Alliance. The University of Montana has been designated the lead institution in both the entrepreneurial center and the biotech center. Dr. Murray stated that in the entrepreneurial center, they work with Montana State University and Eastern Montana College. In the biotech center, they work with Montana State University. The key to this has been developing cooperative relations with the biotech companies throughout the state which is a very important aspect in building economic development in the state of Montana and support is needed to continue this aspect. Funds are too small to do any significant research in the state at the present time. Dr. Murray stated the key for the use of this money is not to solve the whole problem but to be able to support the companies that are currently doing research in Montana. A strong university research base will support this work and support economic development for the state.

Dr. John Opitz spoke in support of the bill. (Exhibit 1).

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None today. Testimony will be heard from opponents on the

continuation date of HB 266.

Questions From Committee Members: None. Hearing will be continued next week.

Closing by Sponsor: None. Hearing will be continued next week.

DISPOSITION OF HOUSE BILL 266

Motion: None

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: Hearing on HB 266 will be continued on February 8, 1989.

HEARING ON HOUSE BILL 250

Presentation and Opening Statement by Sponsor:

Rep. Ralph Eudaily, House District 60, stated that HB 250 was intended to correct an unintentional error made in the 1987 session regarding the taxing of motorized canoes and rubber rafts. The fees in this area have been excessive and there is a need to correct this situation. On page 5 of the bill, it states that the fee for any motorized canoe is \$7.50 regardless of the age or length.

Testifying Proponents and Who They Represent:

Marvin Barber, Assessor's Association
Tom Hansen, Helena, President, One Way Marine, Inc.
Tom Maddox, Helena, Concerned Citizen

Proponent Testimony:

Marvin Barber spoke in support of the bill stating the need for correction of this situation which is very unfair.

Tom Hansen spoke in support of the bill, stating this is very necessary to correct an unfair situation.

Tom Maddox spoke in support of the bill stating children use a jog boat with a small electric motor. He asked if this could be included in the bill.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. O'Keefe asked Rep.

Eudaily if he objected to including in the bill the personalized water vehicles such as jet skis. Rep. Eudaily replied they were in the bill originally but he did not know what they were and he requested they be eliminated. Rep. O'Keefe then asked Mr. Hansen what the jet ski average cost would be and the size of their standard motors. Mr. Hansen replied he believe the cost was between \$3,000.00 to \$4,000.00 and the motors are 40 to 60 horsepower.

Rep. Elliott stated the thrust of the bill seemed to be fairness to people who own a watercraft that has or does not have a motor. He asked Rep. Eudaily if he would object to taxing the motor instead of the boat and affix a sticker to that motor. Rep. Eudaily said he had not thought of this but did not know how this would be done. He stated he would consider it.

Rep. Driscoll asked Mr. Barber what the cost is to collect \$7.50 in taxes. Mr. Barber replied he could not say exactly but he would not want to see the fee go any lower. Rep. Driscoll then asked Rep. Eudaily if he would object to placing the fee for motorized canoes and rubber rafts at zero. Rep. Eudaily replied the \$7.50 fee was chosen because it was the smallest category of motorboat taxation. Rep. Eudaily stated he would not object to changing this fee.

Rep. Hanson asked Alec Hanson if sportsmen switched motors from one boat to another. Mr. Hanson replied this was one the problems. There isn't any way to be completely accurate on age and horsepower of motors. He stated he felt everyone should pay something because everyone has usage of the dock facilities and the waterways. At least enough should be paid to cover the paperwork involved.

Rep. Gilbert stated to Mr. Hanson that he thought the registration of small boats came about because so many people wanted them registered due to theft problems. Mr. Hanson replied this was true. Rep. Gilbert then asked Mr. Hanson about his feelings in regard to the \$7.50 fee. Mr. Hanson replied he thought this was fair and adequate.

Rep. Driscoll asked Mr. Hanson if there were any fees for canoes or rubber rafts without motors. Mr. Hanson replied that there were none. This question was then referred to Dave Bohyer who replied there was no fee. Rep. Driscoll then asked if a canoe or rubber raft is motorized, what is the fine if the tax is not paid. Mr. Bohyer replied \$25.00.

Closing by Sponsor: Rep. Eudaily stated there was a need for fair and equal treatment of everyone in this regard.

DISPOSITION OF HOUSE BILL 250

Motion: None

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: Will be considered in Executive Session at a later date.

ADJOURNMENT

Adjournment At: 9:45 a.m.



REP. DAN HARRINGTON, Chairman

DH/lj

2715.min

DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date February 1, 1989

NAME	PRESENT	ABSENT	EXCUSED
Harrington, Dan, Chairman			
Ream, Bob, Vice Chairman	✓		
Cohen, Ben	✓		
Driscoll, Jerry	✓		
Elliott, Jim	✓		
Koehnke, Francis	✓		
O'Keefe, Mark	✓		
Raney, Bob	✓		
Schye, Ted	✓		
Stang, Barry	✓		
Ellison, Orval	✓		
Giacometto, Leo	✓		
Gilbert, Bob	✓		
Good, Susan	✓		
Hanson, Marian	✓		
Hoffman, Robert	✓		
Patterson, John	✓		
Rehberg, Dennis	✓		

EXHIBIT 1
DATE 2/1/89
HB 266
Rep. Dorothy
Brosley

February 1, 1989

Testimony - PRO HB 266

By: John M. Opitz, M.D., FAAP, M.D. (hc), D.Sci. (hc)
Chairman, Department of Medical Genetics
Shodair Children's Hospital, Helena, MT

MR. CHAIRMAN, DISTINGUISHED MEMBERS OF THE HOUSE TAXATION COMMITTEE:

I strongly support HB266. Last week I sat for several days on the oncology ward of the University of Wisconsin Hospitals by the bedside of my friend Professor Charles W. Cotterman - one of the most brilliant minds in genetics, most of whose life work remains unpublished. He died yesterday morning of lung cancer - having given up smoking 15 years ago and having regretted bitterly over the last 18 months since the diagnosis was made having ever used tobacco products of any form whatever. One of his teachers had been Sir Ronald Fisher with whom he disagreed profoundly over Fisher's statistical interpretation of the relationship between lung cancer and smoking, with Fisher retained as witness on behalf of the tobacco industry. Sir Ronald Fisher died of complications of colon cancer. Surgery for colon and bladder cancers occur with increased frequency in smokers - my mother has been cured of colon cancer with metastasis to the left lung, but is suffering greatly from recurrent bladder cancers requiring resection every 6 months. Lung cancer is now the leading cause of cancer death in women also, nationally and in Montana.

EXHIBIT 1
DATE 2/1/89
HB 266
Rep. H. Broasley

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Cancer is now our 2nd cause of death and "research data support the estimate that lifestyle and environmental factors are related to the development of roughly 90% of cancer incidence; thus, most are preventable" (ACS).

"About 30% of all cancer deaths (130,000) are related to smoking (1 in every 3 adults smokes); since 1953 lung cancer has increased 172% for men and 256% for women; in 1986 lung cancer may exceed breast cancer as the leading cause of cancer death among women" (ACS).

In recent years we have also learned the most astonishing genetic facts about cancer - including the fact that genes that predispose to cancer development, namely the proto-oncogenes, are very ancient and highly conserved genes that probably promote growth and development earlier in life. Since all of us carry several such genes, it is of the utmost importance to minimize environmental exposure that triggers cancer occurrence.

As a member of the MSU Committee for the ACS Institutional Research Grant which supports extremely important basic science research aimed at reducing cancer morbidity and mortality, I want to express my strongest support for HB266. With a very modest increase of the excise tax on cigarettes two extremely important goals will be accomplished - namely increased deterrence and support of highly meritorious research.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. SB 17

DATE February 1, 1989

SPONSOR Tom Beck

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
TOM MADDUX	HELENA	X	
Beverly Gibson	MT. Assoc. of Counties	X	
Marvin Barber	MT. ASSOCIATION ASSOC	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. HB 266

DATE February 1, 1989

SPONSOR Dorothy Bradley

[illegible]

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COMMITTEE

BILL NO. HB 250

DATE February 1, 1989

SPONSOR Ralph Eudaily

[illegible]

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PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.