

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on February 8, 1989, at  
9:00 a.m.

#### ROLL CALL

Members Present: 17

Members Excused: 2

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: None

#### HEARING ON HOUSE BILL 266

#### Presentation and Opening Statement by Sponsor:

Rep. Dorothy Bradley, House District 79, thanked the committee for continuing the hearing on HB 266 from the previous week. She stated the intent of the bill is to continue science and technological research and development programs that are currently centered in the Department of Commerce but unfortunately, at a slightly decreased level. Of the one cent tax increase on a package of cigarettes, two-thirds goes to science and technology and one-third to health research of tobacco related diseases. This one-third would be matching money with the grant currently received from the American Cancer Society. The one cent increase would raise the cigarette tax from 16 to 17 cents. Rep. Bradley stated that some of the information distributed by lobbyists against the bill contain clear misinformation. She cited a letter received by one representative that stated the money from the cigarette tax increase was to go only to Montana State University which is entirely erroneous. Rep. Bradley stated that this is statewide and definitely not confined to one location in Montana. She stated that Montana has world class researchers and the state should be sure these people are able to continue with their work. She said this bill makes the statement that the research should continue.

#### Testifying Proponents and Who They Represent:

Steve Huntington, Executive Director, Montana Science and  
Technology Alliance

Don Peebles, Chief Executive, Butte Silver Bow  
Earl Thomas, Executive Director, American Lung Association  
James Brock, Dean, College of Business, University of  
Montana  
David Toppin, Vice President, Montana School of Mines  
Bruce McCloud, Electrical Engineering Department, Montana  
State University  
Walt Hill, Director, Council of Excellence in Biotechnology  
Morris Browning, McLaughlin Research, Great Falls  
Jerry Luddorf, Montana Medical Association  
John Redback, Vice President, Reby-ImmunoCam, Hamilton  
Jim Aarons, President, Montana Hospital Association  
Dr. Jean Starkey, Chair, American Cancer Society  
Institutional Grants  
John Delano, Concerned Citizen  
Robert W. Moon, President-Elect, Montana Public Health  
Association  
Arlyne Reichert, Public Issues Committee, American Cancer  
Society  
John Jutila, Research Vice President, Montana State  
University

Proponent Testimony:

Steve Huntington stated he wished to provide the committee with information as to the administration of the funds that would be available to his organization if HB 266 passed. He said the alliance has two financing programs. One is a seed capital program which is intended to provide a source of financing for new and expanding technology oriented businesses in the state. The other is a research and development program which is intended specifically to provide financing on a matching basis to early stage commercially oriented research projects and also to help build the capabilities of the state of Montana in terms of commercially focused research. HB 266 targets the research and development side and places administrative authority for the health research awards with the Science and Technology Alliance. Mr. Huntington stated that since 1985, the Alliance had invested 2.2 million of its own funds in research and development in the state. These funds have been matched with 2.6 million in federal and private funds. He stated one of their most significant initiatives is in the area of research centers of excellence at various colleges in the state.

Don Peebles said the state of Montana must remain competitive in research and development, especially in high technology areas. Mr. Peebles said the state currently has first class researchers and scientists. He stated this is an expenditure of 1.1 million dollars to assist Montana in moving into the next century and this is the only funding currently that addresses the needs of the Montana Science and Technology Alliance. Mr. Peebles stated it is essential that the Alliance be able to continue their work and urged a

do pass on the bill.

Earl Thomas spoke in support of the bill. (Exhibit 1).

John Jutila stated there is evidence of cancer deaths related to tobacco usage. Mr. Jutila said there is enormous social and economic consequences also. He said it was therefore appropriate to use the funds generated by the tobacco tax to pay the cost of research in this area and to support economic development. The Montana Science and Technology Alliance has been outstanding in this area and should be the primary fiscal manager of these funds. The Alliance has been very successful in promoting the partnership between the university system, government, and the private sector and has been most helpful in assisting start-up companies in the state. He urged a do pass on the bill.

James Brock stated he represented the proposed Montana entrepreneurship center which is a cooperative effort of a number of Montana colleges. He stated some of the revenues generated by HB 266 will help fund this center. Mr. Brock said there are many new products and processes developed in the state but this development needs funding assistance to commercialize these ideas and bring revenue into the state. He stated Montana University has excellent expertise in this area in the business schools. Mr. Brock said the state of Montana needs these research and development programs and urged a do pass on the bill.

David Toppin stated Montana Tech is the home of the occupational health and safety research program. Mr. Toppin stated previous testimony had stressed the importance of economic development in Montana and the creation of jobs. He said it was equally important that employment for Montana citizens be safe and healthy. Mr. Toppin said that in 1958 a study was conducted regarding lung cancer risks and the ensuing report stated the magnitude of excess lung cancer risk among cigarette smokers is so great that the results cannot be interpreted as rising from indirect association of cigarette smoking with some other agents. The reports further stated that cigarette smoking was creating a health risk among the American public that had to be associated with direct intervention of other agents in the environment. In 1986, the National Institute of Occupational Safety and Health reported that in the intervening thirty years, only four agents in the occupational environment have been studied and effectively shown to cause cancer and have been correlated with exposure to cigarette smoking as well. These agents are asbestos, arsenic, radon, and chloromethyl ethers. Montana Tech currently has a research program underway which studies such occupational exposures and with the funding created by HB 266, they will continue this program. Mr. Toppin urged a do pass on the bill.

Bruce McCloud stated he supported HB 266 as it represents one of the few areas that currently exists for researchers and scientists in Montana to continue their health related research. Mr. McCloud stated his current research was health related. One of the current products is a device to aid non-healing bones. He also stated they were going to have a direct influence on certain types of cancer cells and the prevention and possible cure of osteoporosis. Mr. McCloud stated the research was vital and he urged a do pass on HB 266.

Walt Hill submitted a document on the Montana Center of Excellence in Biotechnology. (Exhibit 2). Mr. Hill stated that there was a need to find a way to support applied research in the laboratories of the excellent researchers in the state so they can continue to develop ideas that perhaps ordinarily might not be developed. He said Montana can compete in these highly important research and development areas if the funding can be found to continue their work. He urged a do pass on HB 266.

Morris Browning stated his institute enjoyed increased funding in the amount of 1.2 million in the past year. He said this was possible because of the world class researchers employed by his organization. Mr. Browning stated the availability of seed money for research and development is vital. He urged support of the bill.

Jerry Lindorf stated that there has been ample proof established in the case of tobacco related diseases. The tax is appropriate for research in these areas. Mr. Lindorf stated that a good cause was not sufficient in the current economic situation. He said it was important that the money be wisely spent. He stated HB 266 provides a mechanism to do this by providing that the Board of Science and Technology administer and oversee the research applications. This board is appointed by the governor and is required to have eleven people from the private sector. He urged support of the bill.

John Redback stated that funding assistance is needed for medical research. Mr. Redback stated that today, due to various economic factors, much more support is required in order for a start-up company to survive the first critical and difficult years. Montana's sparse population discourages venture capitalists. Mr. Redback stated there must be wise investment of some state monies to encourage this type of economic development otherwise, new companies and new products developed in Montana's own universities, will go out of the state because the needed funding is not available to them. He urged a do pass on HB 266.

Jim Aarons stated that hospitals see the effects of tobacco related diseases. He said their efforts are to prevent and cure these diseases and HB 266 would assist them in this

effort.

Dr. Jean Starkey explained that the American Cancer Society Institutional Grant Committee reviews and funds programs for research areas throughout the year. She stated the institute's grants are the seed money for these programs. Dr. Starkey said the institute has a small budget for these programs and there are far more people applying for them than can be funded. More funding would help to keep bright people in the state not only for the vital research but also for the economic development generated by new companies. She urged the committee's support of HB 266.

Robert W. Moon submitted testimony in support of HB 266 although he could not attend the hearing. (Exhibit 3).

Arlyne Reichert submitted testimony in support of HB 266 by fax. (Exhibit 4).

Testifying Opponents and Who They Represent:

Jerome Anderson, Helena Attorney, Registered Lobbyist for  
the Tobacco Institute  
John Delano, Phillip Morris  
Stan Feist, Sheehan Majestic  
Dean Woodring, Service Distributing Incorporated  
Roger Tippy, R. J. Reynolds  
Tom Maddox, Montana Association of Tobacco and Candy  
Distributors  
Steve Buckner, Service Distributing Incorporated

Opponent Testimony:

Jerome Anderson spoke in opposition to the bill. (Exhibit 5).

John Delano stated cigarette taxes are never removed and continually increase. This is a hidden tax largely unnoticed by the consumer since it is included in the price paid at time of purchase. Mr. Delano stated the taxes on such items as cigarettes and alcohol are an attempt at behavior control aimed at those least able to pay while allowing full freedom of choice to the wealthy. He stated if the research and development cited by numerous proponents is so important, it should be paid out of the general fund by all the citizens of Montana and not one section of the population.

Stan Feist spoke in opposition to the bill. (Exhibit 6 and 7).

Dean Woodring spoke in opposition to the bill. (Exhibit 8).

Roger Tippy stated he concurred with the previous testimony in opposing HB 266.

Tom Maddox read testimony faxed by Tom Stump. (Exhibit 9). He also spoke in opposition to the bill. (Exhibit 10).

Steve Buckner spoke in opposition to the bill. (Exhibit 11).

Questions From Committee Members:

Rep. Cohen asked Mr. Maddox if the one cent increase was really so bad since other states have much higher taxes on cigarettes. Mr. Maddox replied there are many other bills being introduced this session that will bring the total tax increase to between 8 and 10 cents. Mr. Maddox submitted a document concerning the economic effects of raising the cigarette tax. (Exhibit 12). Rep. Cohen then referred to the testimony Mr. Maddox had read from Tom Stump which indicated that people in the lower economic levels bought the most cigarettes and asked if this was true. Mr. Maddox replied it was. Rep. Cohen then asked Rep. Bradley what the impact was on the Medicaid costs in Montana. Rep. Bradley replied that she did not have this information.

Rep. Rehberg asked Mr. Anderson if he would like to respond to the statement concerning the low income people. Mr. Anderson replied that surveys conducted by the government, the surgeon general's department and economic survey companies have shown that the majority of tobacco product users are people with \$15,000.00 annual income or less. Rep. Rehberg then asked about a court ruling Mr. Anderson referred to in his testimony. Mr. Anderson replied this was the White case and it dealt with HB 700 which the court ruled unconstitutional because it violated the state ruling against using the credit of the state to secure bonds and then using the proceeds to benefit private companies. This ruling had to do with the Science and Technology Alliance. Rep. Rehberg asked if this would further complicate matters. Mr. Anderson replied that to the extent that any of the money was involved in the bonding structure, the same unconstitutional ruling would apply. Rep. Rehberg then asked Rep. Bradley for her comments. She replied the supreme court did not like the idea of the state backing the bonds with the permanent trust. The court said backing the bonds was an overextension of legislative authority and so rendered HB 700 unconstitutional. Rep. Bradley stated a bill will be introduced to take a small portion of the permanent trust and state that instead of this being administered by the Board of Investments, it will be administered by the Board of Science and Technology. This is not a bond issue but simply an investment issue. Rep. Rehberg then asked Rep. Bradley why health related research had to be conducted within the university system. She replied she was proposing an amendment to say "research institutions" instead of "university system" to correct this

situation.

Closing by Sponsor:

Rep. Bradley submitted two documents to the committee. (Exhibits 13 and 14). She stated the opponents do not like the narrowness of this bill. There will be other bills coming that will cover the whole spectrum if this is what they prefer. Rep. Bradley stated the increase was not out of line with other states. She said Montana would be remiss in not allocating part of this tax increase for research. She stated HB 266 will help to increase economic development and provide fertile territory for research.

DISPOSITION OF HOUSE BILL 266

Motion: None

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: None. HB 266 will be considered further in a later executive session.

HEARING ON HOUSE BILL 545

Presentation and Opening Statement by Sponsor:

Rep. Ted Schye, District 18, stated HB 545 is a bill to exempt from Montana State Income Tax proceeds received by veterans and their surviving spouses from agent orange settlement funds. Veterans who can meet the social security eligibility for long term disabilities of a non-traumatic nature, are under 60 years of age, and can show proof of agent orange exposure will be eligible to receive between \$1,800.00 and \$12,800.00 in distribution. Rep. Schye stated this gives Montana Vietnam veterans assurance this disability income will not be taxed by the state.

Testifying Proponents and Who They Represent:

Hal Manson, American Legion  
John Denberger, Disabled American Veterans  
George Poston, United Veterans Committee of Montana  
Rep. Bob Raney, District 82  
Rep. Orville Ellison, District 81

Proponent Testimony:

Hal Manson stated the people that will receive these funds have combat incurred injuries. This reimbursement to veterans should not be taxed in any way.

John Denberger stated he concurred with Mr. Manson. He said this country sent the men into combat and the government therefore has an obligation to aid them with their resultant health problems.

George Poston stated HB 545 protects the veteran and is a sort of workmen's compensation for their service. He urged a do pass on the bill.

Rep. Bob Raney, who served in the Vietnam war, spoke in support of the bill. He stated this was a very hideous war and agent orange was especially hideous. Rep. Raney stated the effects of agent orange on our own service men and on the people of Vietnam was unforgivable and anything we can do to help should be done.

Rep. Orville Ellison stated he wished to be listed as a proponent for the bill.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Rehberg asked Rep. Schye if he had a fiscal note and any impact on education information. Rep. Schye referred this question to Rich Brown of the Veteran's Affairs who stated there should be approximately \$104,000.00 received in Montana from these funds and about \$44,000.00 would be exempt from taxes.

Rep. Ream asked Mr. Brown if there had been any settlements made as yet. Mr. Brown replied there had not been. Rep. Ream then stated there would be no current fiscal impact to which Mr. Brown concurred.

Closing by Sponsor: Rep. Schye made no further comment.

DISPOSITION OF HOUSE BILL 545

Motion: Unanimous motion DO PASS.

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: Motion to DO PASS carried unanimously.



Presentation and Opening Statement by Sponsor:

Rep. Jan Brown, House District 46, was requested by the Legacy Legislature. This bill establishes a positive checkoff on the state income tax returns to help fund the Legacy Legislature. Rep. Brown stated Fred Patten was present to give the committee more details.

Testifying Proponents and Who They Represent:

Fred Patten, President, Fifth Legacy Legislature

Proponent Testimony:

Fred Patten spoke in support of the bill and proposed amendments. (Exhibits 15 & 16).

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Ellison stated this was a worthy project but each time something is added, the donations are spread too thin. Mr. Patten replied that the senior people intended to advertise this extensively and thoroughly to all the citizens of the state to procure more funding.

Rep. Ream asked Mike Wallace of the Budget Office about the fiscal note for the bill. He asked what was the purpose of the DFS funds of \$19,500.00. Mr. Patten replied one charge was for the printing to change the tax form and the balance was the administrative costs. Mr. Wallace replied that the \$17,000.00 on the fiscal note is the operating costs for DOR to administer the check-off. He stated the DFS operating numbers are for the Legislature. He said the estimated revenue from the check-off was \$10,000.00.

Rep. Patterson asked Rep. Brown why she did not sign the fiscal note. She replied it was too high and the amendments proposed by Mr. Patten will reduce the cost.

Rep. Driscoll stated the fiscal note indicated payment for travel and per diem costs but he could not find this in the bill. Mr. Patten replied that the travel amount paid in previous years was 5 cents a mile which was totally inadequate and needed to be changed. Rep. Driscoll then stated if the check-off does not bring in enough monies, where does it state in the bill that this will be paid by the general fund. Mr. Patten stated the general fund would not pay anything. Rep. Driscoll replied that the fiscal

note said this and Mr. Patten stated he did not understand since this was not the intention.

Closing by Sponsor: Rep. Brown stated this bill provides a way for people to voluntarily contribute to the Legacy Legislature. She said she would look into the fiscal note problems and clarify this for the committee.

#### EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 236 HEARD ON FEBRUARY 3:

MOTION: DO PASS by Rep. Elliott. Motion to AMEND AS REQUESTED BY SPONSOR by Rep. Raney. Rep. Raney moved the amendments. MOTION CARRIED to DO PASS on the amendments.

DISCUSSION: Rep. Ellison spoke against the bill stating priorities change and this bill would simply mean more difficulties in balancing the budget.

Rep. Gilbert also spoke against the bill stating the state is faced with the school foundation problem and it will take considerable funds for this. He stated the funds should not be placed in an inviolate trust but one that can be used if necessary.

A roll call vote was taken on the bill which resulted in a tie vote of 8 to 8 with two members absent. Rep. Driscoll moved to PASS CONSIDERATION on the bill at this time. The committee concurred.

#### ADJOURNMENT

Adjournment At: 11:35 a.m.

  
\_\_\_\_\_  
REP. DAN HARRINGTON, Chairman

DH/lj

3315.min

DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date February 8, 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	✓		

12:32 pm  
2/28/89  
ja

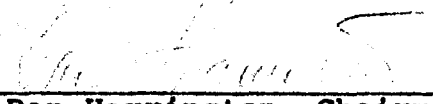
2/8

STANDING COMMITTEE REPORT

February 27, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that HOUSE  
BILL 545 (first reading copy -- white) do pass .

Signed:   
Dan Harrington, Chairman



# AMERICAN LUNG ASSOCIATION OF MONTANA

Christmas Seal Bldg. — 825 Helena Ave.  
Helena, MT 59601 — Ph. 442-6556

EARL W. THOMAS  
EXECUTIVE DIRECTOR

EXHIBIT 1  
DATE 2/8/89  
HB 266

*Rep. H. Bradley*

CHAIRMAN DAN HARRINGTON AND MEMBERS OF THE TAXATION COMMITTEE.

I AM EARL THOMAS, EXECUTIVE DIRECTOR OF THE AMERICAN LUNG

ASSOCIATION OF MONTANA. THE AMERICAN LUNG ASSOCIATION SUPPORTS

HB <sup>266</sup>~~490~~ WHICH WILL INCREASE CIGARETTE TAXES BY ONE CENT WITH THE

FUNDS DESIGNATED FOR CANCER RESEARCH. SEE ATTACHED FOR

DOCUMENTATION FOR THE NEED FOR CANCER RESEARCH.

EXHIBIT NO. \_\_\_\_\_  
DATE 2/27/87  
BY 2/26

# 1987 MONTANA VITAL STATISTICS



Bureau of Records and Statistics and  
Central Tumor Registry

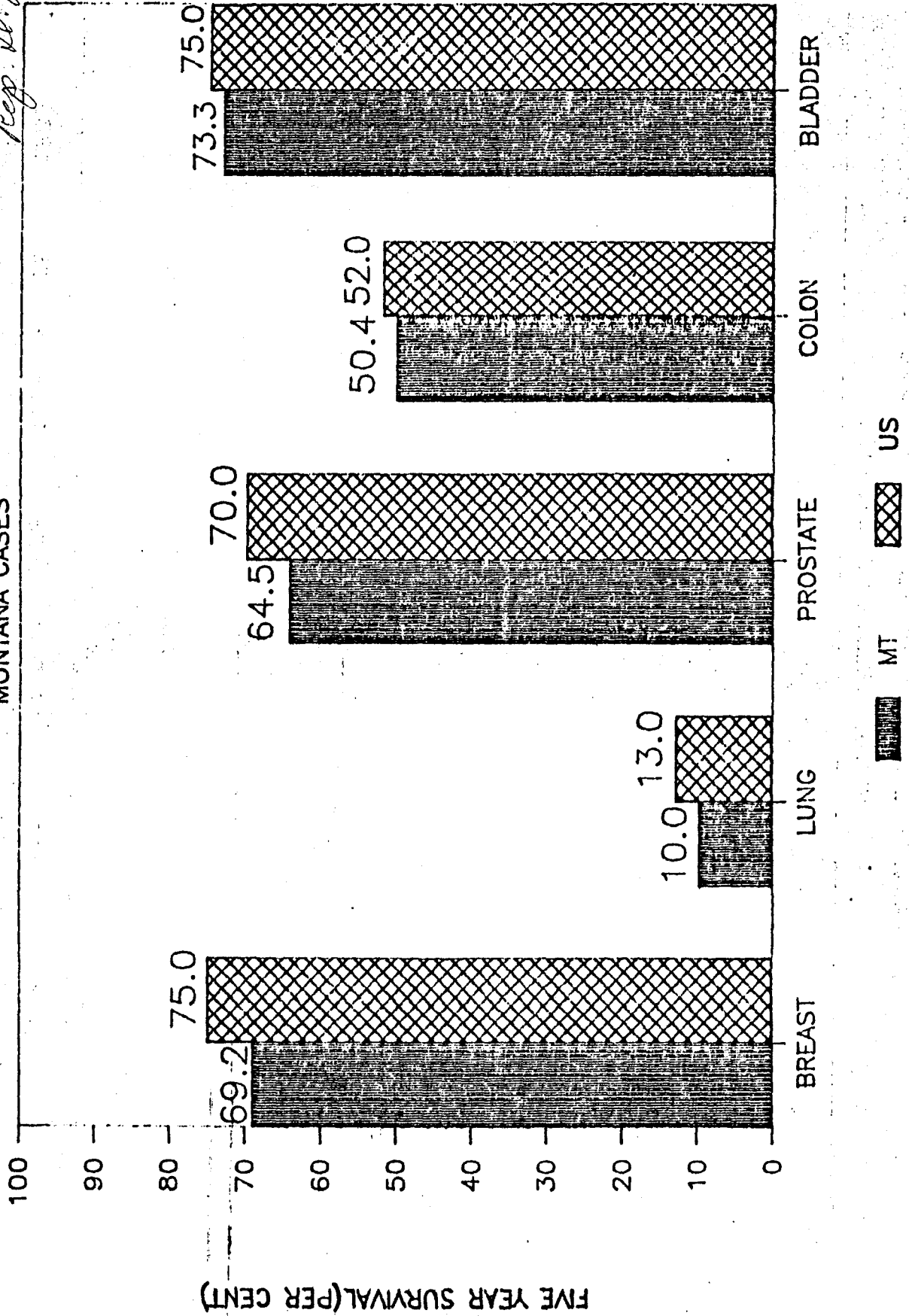
MONTANA DEPARTMENT OF HEALTH  
AND ENVIRONMENTAL SCIENCES

# SITE-SPECIFIC CANCER SURVIVAL RATES

HB 266  
2/8/89

MONTANA CASES

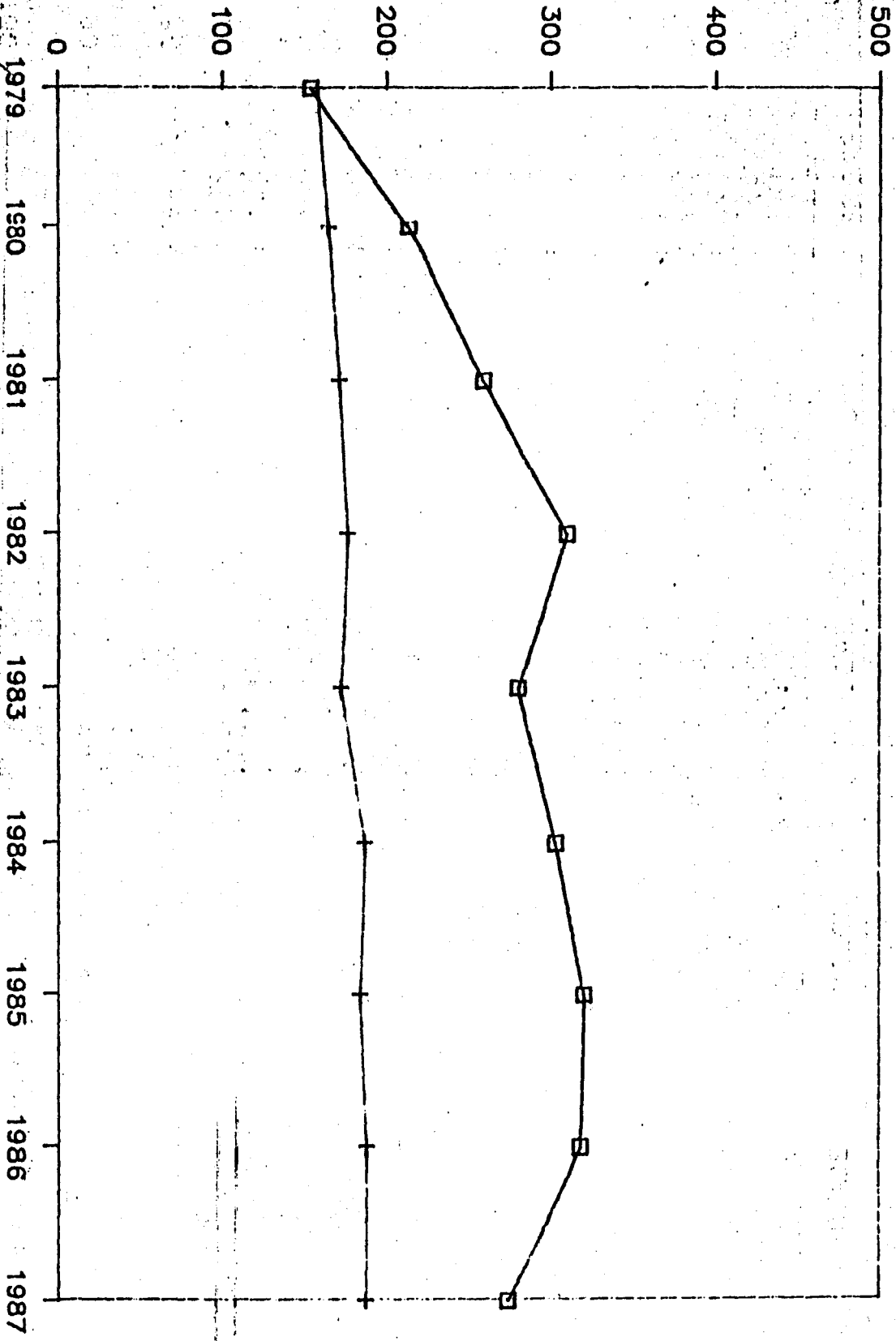
Rep. W. Bradley



Mortality Rate Per 100,000 Population  
Incidence Rate Age Adjusted Per 100,000 Population

# CANCER INCIDENCE VS. MORTALITY

MONTANA RESIDENTS: 1979-1987



*Rep. D. Bradley*

BH

DATE

98/8/2

EXHIBIT 1

INCIDENCE  
MORTALITY



EXHIBIT 1  
DATE 2/8/89  
HB 266  
*Rep. H. Bradley*

# STATISTICAL COMPENDIUM ON ADULT LUNG DISEASES

AMERICAN  LUNG ASSOCIATION

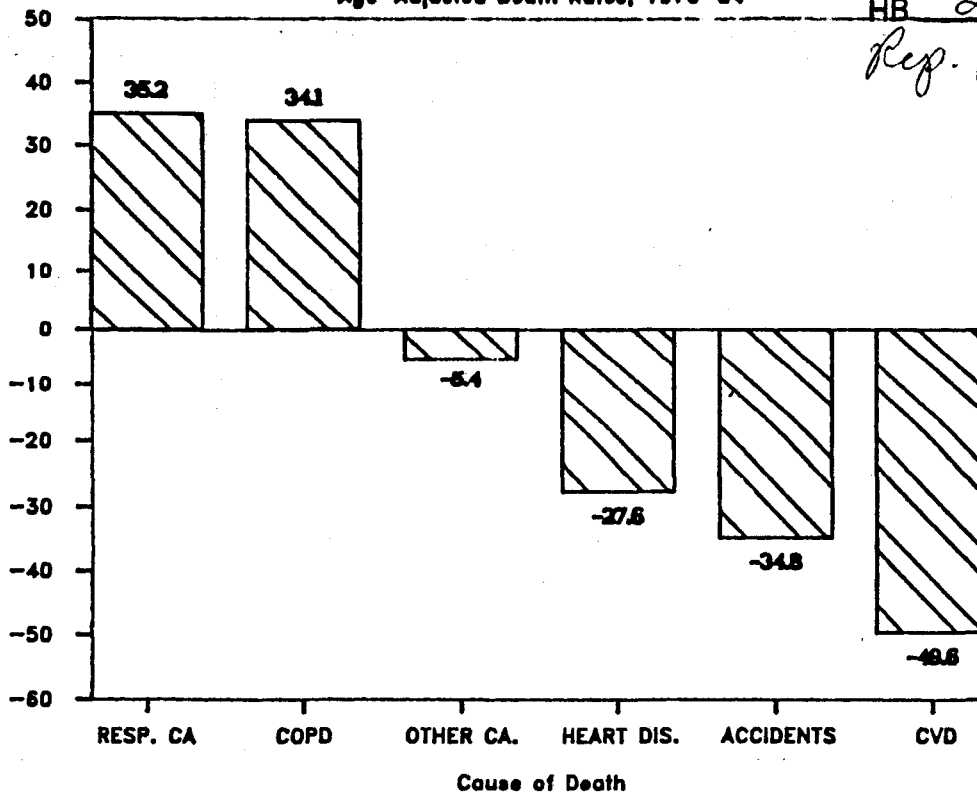
EPIDEMIOLOGY AND STATISTICS UNIT  
DIVISION OF MEDICAL AFFAIRS  
1740 BROADWAY  
NEW YORK, NEW YORK 10019

EXHIBIT 1  
 DATE 2/8/89  
 HB 266  
*Rep. W. Bradley*

PERCENT CHANGE: LEADING CAUSES OF DEATH

Age-Adjusted Death Rates, 1970-84

Percent Change (1970-1984)



Source: NCHS Monthly Vital Statistics Report  
 Final Mortality Statistics, 1970-84.

COPD: COPD and Allied Conditions (includes Asthma)  
 CVD: Cerebrovascular Disease  
 CA: Cancer

ICD Revision in Use:

1970-1978: Eighth Revision COPD = 490-493, 519.3  
 1979-1984: Ninth Revision COPD = 490-496

EXHIBIT 1  
DATE 2/8/89  
HB 266  
*Rep. H. Bradley*

### INDIRECT COSTS: SELECTED LUNG DISEASES

Percent Distribution: Morbidity, 1986

OTHER LUNG DISEASE (3.8%)

COPD (9.7%)

ASTHMA (3.9%)

TUBERCULOSIS (31.0%)

LUNG CANCER (51.8%)

Indirect Morbidity Costs: \$14.668 Billion

Source: Division of Epidemiology, National Heart, Lung, and Blood Institute, 1983.

#### Notes:

Indirect costs attributed to morbidity are a measure of lost output due to ill-health caused by these lung diseases.

Estimates are based on 1983 statistics which have been modified by the Annual Rate of Increase of the Gross National Product Price Deflator, 1984-85, and 1980-85 for Lung Cancer.

INDIRECT COSTS: SELECTED LUNG DISEASES

Percent Distribution: Mortality, 1986

OTHER LUNG DISEASE (2.2%)

COPD (10.4%)

PNEUMONIA (32.6%)

LUNG CANCER (54.8%)

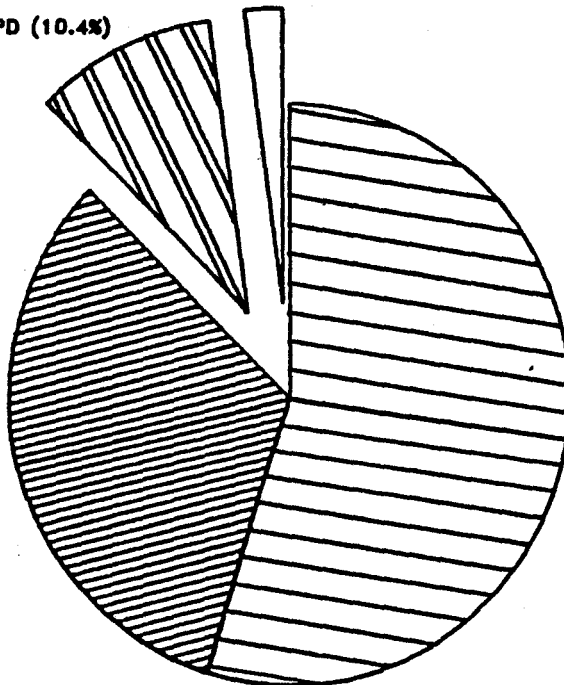


EXHIBIT 1

DATE 2/8/89

HB 266

*Rep. H. Brad*

Indirect Mortality Costs: \$14.268 Billion

Source: Division of Epidemiology, National Heart, Lung, and Blood Institute, 1983.

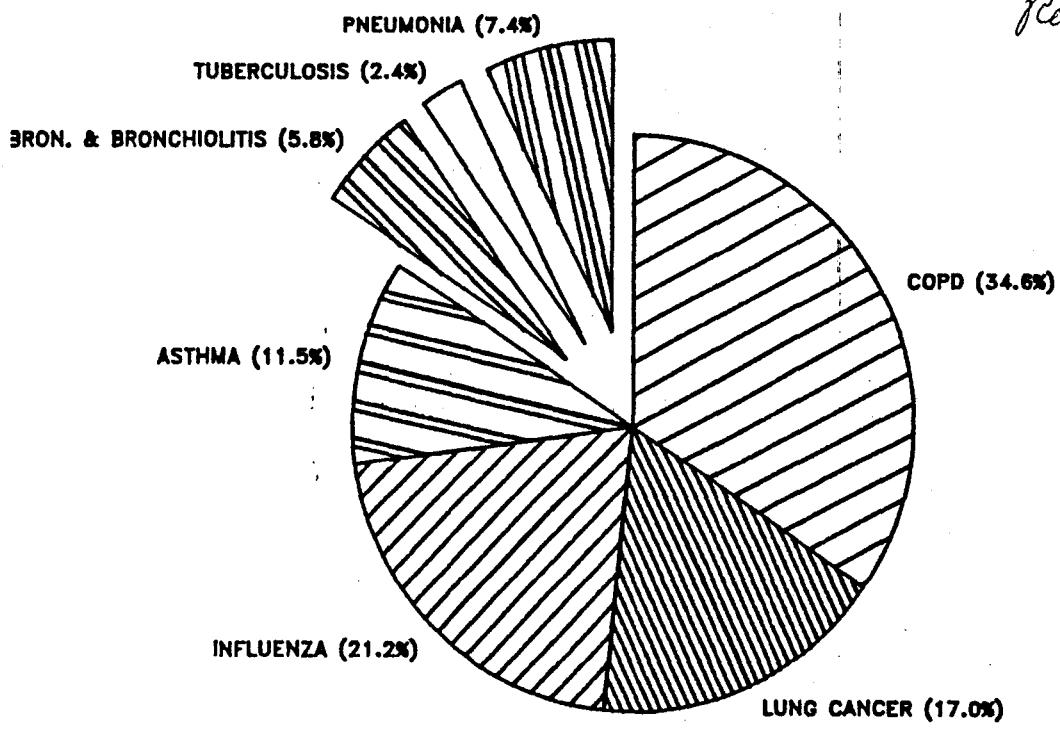
Notes:

Estimates are based on 1983 statistics which have been modified by the Annual Rate of Increase of the Gross National Product Price Deflator, 1984-85, and 1980-85 for Lung Cancer.

Indirect costs attributed to mortality are a measure of lost output due to premature death (based on life expectancy) due to these lung diseases.

EXHIBIT 1  
DATE 2/8/89  
HB 266  
*Rep. H. Bradley*

**DIRECT COSTS: SELECTED LUNG DISEASES**  
Percent Distribution of Total, 1986



Total Direct Costs: \$11.595 Billion

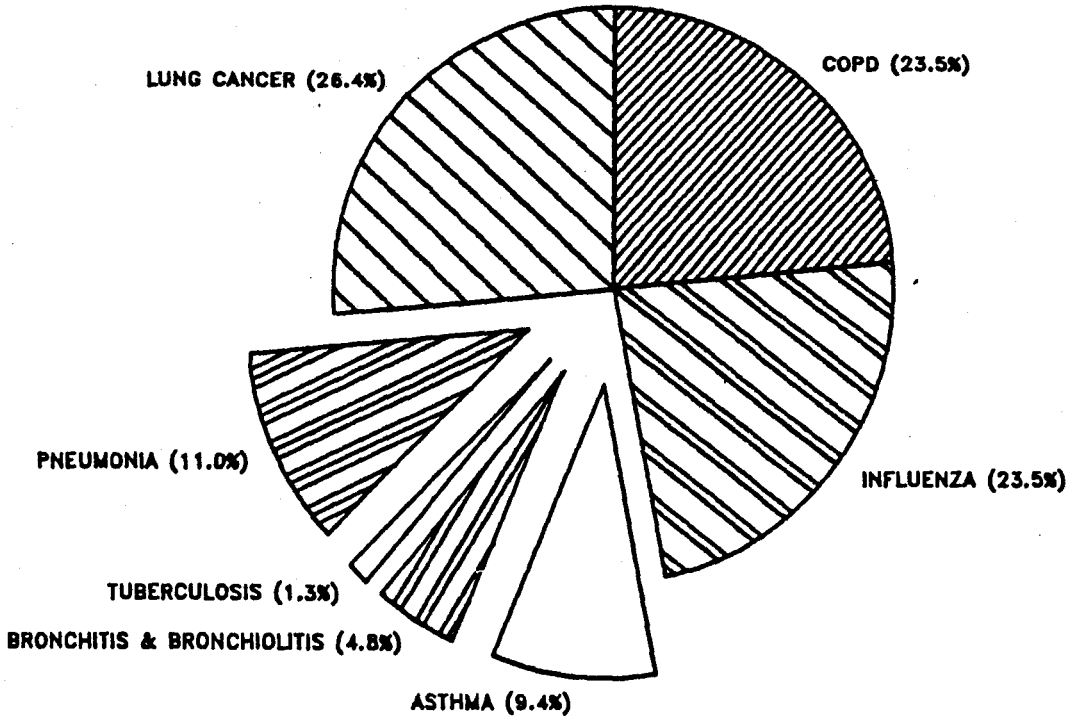
Source: Division of Epidemiology, National Heart, Lung, and Blood Institute, 1983.

Direct Health Expenditures are the costs incurred for the treatment and care of patients.

Estimates are based on 1983 statistics which have been modified by the Year-End Rate of Increase of the Medical Care Component of the Consumer Price Index (CPI) 1984-1985, and 1980-85 for Lung Cancer.

**ECONOMIC COSTS: SELECTED LUNG DISEASES**  
Percent Distribution of Total, 1986

EXHIBIT 1  
DATE 2/8/89  
HB 766  
*Rep. dl. Brodke*



Total Economic Costs: \$40.889 Billion

Source: Division of Epidemiology, National Heart Lung, and Blood Institute, 1983.

Total Economic Costs are Comprised of:

- (1) Direct expenditures (costs incurred for the treatment and care of patients), and;
- (2) Indirect costs (the value of losses in output due to morbidity or premature mortality).

Estimates are based on 1983 statistics which have been modified by the Year-End Rate of Increase of the Medical Care Component of the Consumer Price Index and the Rate of Increase of the Gross National Product Price Deflator 1984-85, and 1980-85 for Lung Cancer.

EXHIBIT 2  
DATE 2/8/89  
HB 266

MONTANA'S CENTER OF EXCELLENCE IN BIOTECHNOLOGY

*Rep. H. Bradley*

by Walter E. Hill, Director

Biotechnology in Montana? Somehow this thought mixed with the Charlie Russell western scenes seems incompatible. Yet sheltered near the towering mountains of the Bitterroot range and near the Bridgers in Bozeman are biotechnology companies - alive and well.

Similar to the pursuit of gold, which brought early settlers to Montana, biotechnology is beckoning states throughout the nation to seek this area as an avenue for economic development. With faltering steps, state after state has entered the foray, searching for niches of expertise and technology which it can develop.

In Montana the first step was made in 1987 when the legislature earmarked \$600,000 for the development of three Centers of Excellence, of which a Biotechnology Center was to be one. Now funded with \$200,000 for the remainder of the biennium, the Center of Excellence in Biotechnology has begun its work and is already causing some neat things to happen.

One of the major purposes of the Center is to share information and ideas between investigators and other investigators and between investigators and private-sector businesses. This effort started with a bank on November 17, 1988 when the Center sponsored a Biotechnology Collaboration Forum. Over thirty investigators and companies shared information via posters in the University of Montana Ballroom. Following this, Dr. Mark Dibner, Director of the Information Division of the North Carolina Biotechnology Center addressed the crowd of about 100, and noted that biotechnology is a viable and important leg in state economic development.

The Center is also developing a data-base system in which to place information on all investigators in the state and private sector companies in the nation who are oriented toward biotechnology. This information will allow interaction to be generated between individuals and private sector firms having similar interests. In addition, investigators having similar interests will be brought together. It is hoped that this effort will draw private sector firms to locate in Montana.

The Center is also funding a modest grant program which will allow investigators having ideas with commercial application to develop those ideas to a prototype stage. In the first round of competition, 23 grant applications were received and five were funded. This program has great potential to develop latent ideas into commercially viable products.

Although the initial \$200,000 funding is small by nationwide standards (average of \$2.1 million dollars per state annually for the 30 states that have biotechnology centers) it is a start which

EXHIBIT 2  
DATE 2/8/89  
HB 266  
*Rep. W. Bratton*

holds great promise.

Already there have been new interactions developed between three private sector firms (Ribi Immunochem, Hamilton; Chromatochem, Missoula; Skyland Scientific Enterprises, Bozeman) and the two universities involved in the Biotechnology Center. Faculty appointments, graduate student stipends, post-doctoral research appointment, contracts and gifts have already earmarked these activities during the first few months of the Center's operation. It is hoped that continuing and improved interactions will yet result.

The future of the Center is brightened by the tremendous possibility of bringing additional investigators and biotechnology industry to the state. These industries are clean, offer good jobs for the highly-skilled graduates of our universities and provide opportunities for interactions and continued growth in the area of Biotechnology. While they may not solve all of the states economic woes, they will unquestionably fill an important need within the state by providing opportunities for our graduating students to remain in the state with incomes that will support them.

The Biotechnology Center is a joint effort of the University of Montana and Montana State University, with the administrative offices being housed in the Science Complex at the University of Montana.



EXHIBIT 3

DATE 2/8/89

HB 266

*Rep. H. Bradley*

February 1989

TESTIMONY FOR THE TAXATION COMMITTEE  
FEBRUARY 8, 1989  
HOUSE BILL 266  
(TO PROVIDE A 1¢ STATE TAX TO TOBACCO PRODUCTS FOR CANCER RESEARCH)

Mr. Chairman and Members of the Committee, I am Robert W. Moon, President-Elect, Montana Public Health Association, registering our support of HB 266.

Just about everyone agrees, except perhaps the Tobacco Institute, that the use of tobacco is damaging to one's health. Smoking is responsible for more than one of every six deaths in Montana. Smoking remains the single most important preventable cause of death.<sup>1</sup> The scientific evidence is strong that use of smokeless tobacco can cause cancer in humans.<sup>2</sup>

I believe we have to come to grips with facts -- the trends in Montana as well as the United States is toward reduction of tobacco consumption. A seemingly reasonable option is to raise excise taxes on tobacco products, which serves both of our purposes. The state receives needed revenue and the people lower their consumption. However, the other side of the coin is brighter. The true value in savings for the State of Montana is in the prevention of the short and long-term effects of smoking attributable death and disability. In 1985, an estimated 1,387 Montana deaths were attributed to smoking; this represents 20% of all state deaths.<sup>3</sup> After the 1985 smoking attributable direct health-care costs were estimated at \$70,437,418; the indirect cost estimate for smoking-related deaths for illness was \$92,069,367. If we can assume that 42% of the total health care bill is paid by the public sector (government), the State of Montana is expending approximately \$68 million to treat smokers and those innocent bystanders affected by passive smoking. Thus, the total estimated 1985

health care cost to Montana attributed to smoking was \$161,506,785. The economic and health impact of tobacco products is extraordinarily high, especially since so much is preventable. The effects of cigarette smoking on personal health and on state and national economics have been well-researched and documented.

Montana can be proud of its public health accomplishments. Of the 30 states involved in Behavior Risk Surveillance nationwide, Montana ranks second lowest in prevalence of smokers, 18 years and over at 22% for 1986. Smokeless tobacco users tally 6.5% of our population. Additionally, Montana leads the nation in quit ratio for 1986. However, the toll of preventable death and disability continues and as a public health association, we have a responsibility to promote any efforts to make Montana tobacco free.

The absence of tobacco use would mean the loss of 350,000 unnecessary premature deaths each year. As a state, we could live handsomely without tobacco, and certainly much longer. Health, not money, motivates the call for a tobacco free society!

---

<sup>1</sup>A report of the Surgeon General, 1989 "Reducing the Health Consequences of Smoking: 25 Years of Progress", U.S. Department of Health and Human Services.

<sup>2</sup>A Report of the Surgeon General, 1986 "The Health Consequences of Using Smokeless Tobacco," U.S. Department of Health and Human Services.

<sup>3</sup>Novotny, Thomas, M.D., SAMMEC: Smoking Attributable Mortality, Morbidity and Economic Costs for Montana, U.S. Department of Health and Human Services, Centers for Disease Control, Atlanta, Georgia, 1985.

1987 BEHAVIORAL RISK FACTOR SURVEILLANCE  
MONTANA

EXHIBIT 3  
DATE 2/8/89  
HB 266  
*Rep. W. Bradley*

RISK FACTOR PREVALENCES BY SEX AND RACE

RISK FACTOR:	CURRENT SMOKER	TOTAL	MALES	FEMALES	NON-WHITES	WHITES
SAMPLE SIZE		1186	482	704	43	1143
PREVALENCE		22.3%	21.3%	23.2%	40.4%	21.5%
95% C.I.		+ - 2.6 (19.6,24.9)	+ - 4.1 (17.3,25.4)	+ - 3.4 (19.8,26.5)	+ -15.0 (25.3,55.4)	+ - 2.6 (18.9,24.1)

SAMPLE SIZE	NON-WHITE MALES	WHITE MALES	NON-WHITE FEMALES	WHITE FEMALES
18	464	679	25	679
37.0%	20.7%	43.3%	22.2%	22.2%
+ -23.0 (13.9,60.0)	+ - 4.1 (16.6,24.8)	+ -20.0 (23.4,63.3)	+ - 3.3 (18.9,25.5)	+ - 3.3 (18.9,25.5)

MALES/FEMALES	ABSOLUTE DIFFERENCE	95% C.I. FOR DIFFERENCE	Z-STATISTIC FOR DIFFERENCE	PREVALENCE RATIO	95% C.I. FOR PREVALENCE RATIO
TOTAL NON-WHITE	1.8%	+ - 5.2 ( 0.0, 7.1)	0.69	0.92	( 0.73, 1.16)
WHITE	6.3%	+ -30.9 ( 0.0,37.3)	0.40	0.85	( 0.39, 1.85)
NON-WHITES/WHITES	1.6%	+ - 5.3 ( 0.0, 6.8)	0.58	0.93	( 0.73, 1.19)
TOTAL MALES FEMALES	18.9%	+ -15.1 ( 3.8,34.0)	2.46*	1.88	( 1.14, 3.11)**
	16.3%	+ -23.3 ( 0.0,39.6)	1.37	1.79	( 0.78, 4.10)
	21.1%	+ -20.0 ( 1.0,41.1)	2.06*	1.95	( 1.03, 3.67)**

\*DIFFERENCE IS SIGNIFICANT AT ALPHA=.05  
\*\*1.0 IS NOT IN THE CONFIDENCE INTERVAL

1987 BEHAVIORAL RISK FACTOR SURVEILLANCE  
MONTANA

RISK FACTOR PREVALENCES BY SEX AND RACE

EXHIBIT 30  
DATE 2/8/89  
HB 266  
*Rep. W. Bradley*

RISK FACTOR:	TOTAL	MALES	FEMALES	NON-WHITES	WHITES
CURRENT SMOKELESS					
SAMPLE SIZE	1186	482	704	43	1143
PREVALENCE	6.5%	13.0%	0.2%	8.0%	6.5%
95% C.I.	+ - 2.0 ( 4.5, 8.5)	+ - 3.8 ( 9.2, 16.8)	+ - 0.3 ( 0.0, 0.5)	+ - 11.5 ( 0.0, 19.6)	+ - 2.0 ( 4.5, 8.5)

	NON-WHITE MALES	WHITE MALES	NON-WHITE FEMALES	WHITE FEMALES
SAMPLE SIZE	18	464	25	679
PREVALENCE	17.2%	12.9%	0.0%	0.2%
95% C.I.	+ - 23.0 ( 0.0, 40.1)	+ - 3.8 ( 9.0, 16.7)	+ - 0.0 ( 0.0, 0.0)	+ - 0.4 ( 0.0, 0.5)

MALES/FEMALES	ABSOLUTE DIFFERENCE	95% C.I. FOR DIFFERENCE	Z-STATISTIC FOR DIFFERENCE	PREVALENCE RATIO	95% C.I. FOR PREVALENCE RATIO
TOTAL	12.9%	+ - 3.8 ( 9.1, 16.7)	6.60*	74.1	( 20.65, 266.2)**
NON-WHITE	17.2%	+ - 23.0 ( 0.0, 40.1)	1.46		( . . . )**
WHITE	12.7%	+ - 3.9 ( 8.8, 16.6)	6.43*	69.9	( 19.17, 254.8)**
NON-WHITES/WHITES					
TOTAL MALES	1.6%	+ - 11.7 ( 0.0, 13.3)	0.26	1.24	( 0.24, 6.34)
FEMALES	4.3%	+ - 23.3 ( 0.0, 27.6)	0.36	1.33	( 0.28, 6.76)
	0.2%	+ - 0.4 ( 0.0, 0.5)	1.00	0.00	( 0.00, 0.00)**

\*DIFFERENCE IS SIGNIFICANT AT ALPHA=.05  
\*\*1.0 IS NOT IN THE CONFIDENCE INTERVAL

EXHIBIT 3  
 DATE 2/8/89  
 HB 266  
*Rep. M. Bradley*

BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM  
 MONTANA STATEWIDE SURVEY, 1987 - WEIGHTED  
 TABLE 19. SMOKING (TOBACCO USE) RISK FACTORS BY DEMOGRAPHICS

	AT RISK FOR SMOKING			SMOKELESS TOBACCO USE			***TOTAL***			
	AT RISK	NOT AT RISK	N	AT RISK	NOT AT RISK	N				
	%	%	N	%	%	N	%			
SEX										
MALE	104	21.3	378	78.7	49	13.0	433	87.0	482	100.0
FEMALE	165	23.2	539	76.8	1	0.2	703	99.8	704	100.0
RACE GROUPED										
WHITE	251	21.5	892	78.5	48	6.5	1095	93.5	1143	100.0
BLACK	.	.	2	100.0	.	.	2	100.0	2	100.0
HISPANIC	8	48.5	7	51.5	.	.	15	100.0	15	100.0
OTHER	10	39.5	16	60.5	2	12.3	24	87.7	26	100.0
AGE GROUP										
18-24	17	12.3	100	87.7	12	16.7	105	83.3	117	100.0
25-34	78	27.9	186	72.1	12	5.4	252	94.6	264	100.0
35-44	58	25.5	176	74.5	11	6.5	223	93.5	234	100.0
45-54	45	28.6	99	71.4	2	1.6	142	98.4	144	100.0
55-64	44	30.5	102	69.5	6	3.9	140	96.1	146	100.0
65 +	27	9.2	254	90.8	7	3.1	274	96.9	281	100.0
***TOTAL***	269	22.3	917	77.7	50	6.5	1136	93.5	1186	100.0

EXHIBIT 3

DATE 2/8/89

HB 266

*Rep. W. Bradley*

BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM  
MONTANA STATEWIDE SURVEY, 1987 - WEIGHTED

TABLE 19. SMOKING (TOBACCO USE) RISK FACTORS BY DEMOGRAPHICS

INCOME LEVEL	AT RISK FOR SMOKING			SMOKELESS TOBACCO USE			***TOTAL***
	AT RISK	NOT AT RISK	%	AT RISK	NOT AT RISK	%	
	N	%	N	%	N	%	N
<\$10,000	66	28.8	177	71.2	10	6.0	243
\$10-\$15,000	47	27.3	131	72.7	7	8.7	178
\$15-\$20,000	36	24.1	111	75.9	8	7.2	147
\$20-\$25,000	28	20.4	104	79.6	4	3.1	132
\$25-\$35,000	35	17.6	144	82.4	12	9.0	179
\$35-\$50,000	22	18.6	95	81.4	5	4.8	117
>\$50,000	13	16.7	55	83.3	3	13.0	68
UNK/REFUSED	22	19.2	100	80.8	1	0.4	122
***TOTAL***	269	22.3	917	77.7	50	6.5	1186

7

EXHIBIT 4  
DATE 2/8/89  
HB 266

*Rep. D. Bradley*

February 6, 1989

**AMERICAN  
CANCER  
SOCIETY**

Montana House Taxation Committee  
Representative Dan Harrington, Chairman  
State Capitol  
Helena, Montana 59601

Dear Chairman Harrington and Members of the Taxation Committee:

The American Cancer Society strongly supports H.B. 266 sponsored by Rep. Dorothy Bradley et al and H.B. 494 sponsored by Rep. Janet Moore. As a member of the Public Issues Committee of the American Cancer Society I intended to testify personally in favor of both of these bills. However, because of the weather, I have decided to Fax this message instead.

We feel that the one cent additional tax on cigarettes mandated by H.B. 266 with the revenue earmarked for research projects related to the association of tobacco and disease, is an excellent idea. The American Cancer Society estimates that cigarette smoking is responsible for 85% of lung cancer cases among men and 75% among women. The Society also estimates that 40% of male smokers and 28% of female smokers die prematurely. In Montana there were 3,100 estimated new cases of cancer in 1988. This figure does not include non-melanoma skin cancer. In our state, as well as in the rest of the nation, lung cancer causes more deaths than any other type of cancer.

We hope, also, that this session of the legislature will pass H.B. 494 which would result in a five cent tax increase on smokeless tobacco. The recent resurgence in the use of all forms of smokeless tobacco is frightening - particularly because so many young people are using it. A 1986 report of the Advisory Committee to the Surgeon General concluded that there is strong scientific evidence that the use of snuff causes cancer in humans, mainly cancer of the oral cavity.

The Montana Division of the American Cancer Society requests that the House Taxation Committee strongly recommends "Do Pass" on both HB 266 and HB 494.  
Thank you.

Sincerely,

*Arlene Reichert*  
(Ms.) Arlyne Reichert

EXHIBIT 5  
DATE 2/8/89  
HB 266

STATEMENT OF TOBACCO INSTITUTE IN OPPOSITION TO HOUSE BILL 266

*Rep. D. Bradley*

Mr. Chairman and Members of the Committee:

My name is Jerome Anderson. I am an attorney with offices in Helena, Montana. I am a registered lobbyist for the Tobacco Institute and represent that group here today in opposition to House Bill 266 by Representative Dorothy Bradley.

The Tobacco Institute represents the tobacco industry generally before legislative bodies and governmental entities. It is funded by companies who produce and distribute various types of tobacco products in the United States.

Before we get on to the specifics of our opposition to House Bill 266, perhaps it would be well to discuss the history and present use of the cigarette tax.

Montana's first cigarette tax was passed by the legislature in 1947. It was applied to cigarettes as a means of paying off bonds that were issued to finance the World War II Veterans' Bonus. When those bonds were paid off, the tax was then used to finance the Korean War Veterans' Bonus. During the course of all this and after increases in the cigarette tax, proceeds from the tax were earmarked for the state building program and today, the money is generally used for debt service. According to the Legislative Fiscal Analyst's Office, presently approximately 21% of the proceeds from the cigarette tax go into the Capitol Project's cash account and 79% go into the Long-Range Building Program Fund. The Capitol Project cash account money is used to pay for both construction and major maintenance paid for directly



EXHIBIT 5  
DATE 2/8/89  
HB 266  
*Rep. H. Bentley*

in cash. The 79% that goes to the Building Program along with moneys from the personal income tax and from the corporate license tax, used for debt retirement for the Long-Range Building Program. It is an anomaly that cigarette tax money has been used to finance the construction of buildings within which the use of cigarettes is either severely restricted or banned entirely.

The last cigarette tax increase occurred in 1983. The moneys from that increase were used principally to finance a "greenhouse" at MSU at Bozeman. That was a 33%, 4 cent per pack, increase, and, consistently since that time, the tax paid sales of cigarettes in Montana have decreased and, of course, so have the revenues from those sales. The highest level of annual sales of cigarettes in Montana occurred in 1982 when 97.1 million tax paid sales of packages of cigarettes occurred. By fiscal year 1988, sales were down by 25.2% to 72.6 million packs during that year. This decline in sales is nearly three times greater than the decline in national cigarette sales for the same period. We believe that the Montana tax increase, coupled with the increase in the federal tax in 1985, has had a significant affect on tax paid sales which has resulted in substantial reductions in revenues to the state. The present tax on a package of twenty cigarettes in Montana is 16 cents state tax, and 16 cents federal tax, for a total of 32 cents per package.

There are two bills now introduced calling for a cigarette tax increase--House Bill 266 and House Bill 202--the latter asking for a five cent per pack increase. In addition to the

EXHIBIT 2  
DATE 2/8/89  
HB 266  
Ray H. Burt

introduced bill, Senator Mazurek has a bill request pending for a tax increase to finance OB Medicaid reimbursement. Representative Moore has introduced House Bill 494 which calls for an increase in the smokeless tobacco tax to aid the School Foundation Program. We have truly become a target for all to shoot at.

When a specific rate of tax reaches a saturation level, any increase in that tax becomes counterproductive. The level of saturation has been reached in Montana. Any further increase which tends to increase the rate of reduction of taxed sales of cigarettes could severely harm the amounts available for reduction of the present Long-Range Building debt structure and for moneys for the Capitol Projects' cash account. We urge the Committee to carefully scrutinize the effects of proposed tax increases on the continuing capability of the provision of adequate moneys from this tax to take care of existing obligations which are ongoing and which will continue for a number of years.

As to House Bill 266, we think it is easy to recognize that the Montana University system is desirous of establishing another function at its units and is casting about for a source of money to finance it. We compliment the ingenuity of the university system officials and faculty in trying to figure out a method for establishing new programs. However, we caution the Committee that with the establishment of such programs comes resulting F.T.E.'s, administrative structures, and needed additional facilities which all may grow and require moneys beyond that

*Reg. of the*

available under this bill. The bill masks the interest of the university system by providing for the administration of the funds ostensibly by the Montana Science and Technology Board which operates under the umbrella of the Department of Commerce. It is clear, however, that the moneys would go to the university system. We question the advisability of the establishment of additional university programs during these times when the state can hardly fund the existing ones.

The moneys raised by House Bill 266 are to be used for research projects to investigate the causes of, treatments for, and prevention of cancer, heart disease, respiratory disorders, and other diseases that allegedly are the result of, or are aggravated by the use of cigarettes or other tobacco products. Our industry is being asked to bear the whole load of such research projects despite the fact that other products and conditions are well known to be associated with such diseases.

Where is the provision for a tax on meat and meat products, or on meat packers, to study the alleged affects of cholesterol on heart disease?

Where is the provision for a tax on automobiles to study the affect of air pollution caused by motor vehicles and allegedly associated with lung cancer as well as respiratory problems?

Where is the provision for a tax on dairy products which contain cholesterol which, in turn, allegedly has circulatory effects?

Where is the tax on timber harvests which produce the wood burned in homes and fireplaces which, in turn, severely impacts

the pristine air of Montana, in turn, causing alleged *Respiratory* inflammations?

Where is the tax on other like products which allegedly do physical harm to some members of the public?

Why are not those products paying their fair share, if one there is?

Those taxes are not being asked for because it would be unfair to tax those products just as it is unfair to select the cigarette tax as the sole target for this money.

But one of the most compelling arguments against this bill is the fact that the research called for is not necessary and duplicates like research being done at dozens of locations throughout the United States. Medical schools, hospitals, federal government facilities, clinics, you name them, all over the country, are engaged in this research. Why duplicate such research particularly in view of the fact that we have no medical school in Montana to supply support facilities and staff for such research projects.

Millions are now spent throughout the United States on cancer, circulatory, and respiratory disease studies. Montana has nothing unique or different to offer in this regard. We know of nothing that the rest of the people in research throughout the country have failed to study and that requires the specific attention of Montana scientists. We know of no unique feature of any of the units at the university system that makes it possible for that unit to develop research which is not being done elsewhere. The research projects called for in this bill are

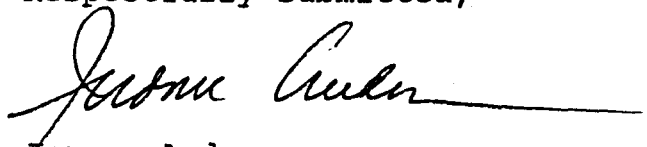
EXHIBIT 2  
DATE 2/18/89  
HB 266  
The projects  
*Rep. H. Bradley*

duplicative of other efforts in the United States.  
called for in this bill are simply not necessary.

Higher and higher cigarette taxes in Montana have resulted in an ever-increasing rate of untaxed sales in this state. In 1985, a study conducted by the Federal Advisory Commission on Intergovernmental Relations found that 17.2% of Montana's tobacco sales were untaxed sales on Indian reservations. We have reason to believe that that rate has increased to the level of approximately 21%. We have the highest percentage of such sales in the nation. In addition, people from Montana purchase cigarettes and other tobacco products from locations in Wyoming which has a much lower tax. Non-Montana tax sales are exacerbated by tax increases.

We truly believe enough is enough. If the university system wants money for this unnecessary project, let them go to the Appropriations Committee and get it like everyone else does. We urge you to protect the existing debt retirement funding structure and vote "Do Not Pass" on this bill.

Respectfully submitted,



Jerome Anderson  
Representing the Tobacco Institute

EXHIBIT 6  
DATE 2/8/89  
HB 266  
Rep. W. Bradley

WITNESS STATEMENT

NAME STAN FEIST HB 266  
ADDRESS Box 7248 Missoula, MT 59807  
WHOM DO YOU REPRESENT? Sheehan Majestic  
SUPPORT OPPOSE  AMEND

COMMENTS:

Our Family Owned Business oppose's  
H-B-266

INCREASED TAXES, WHICH WE MUST PREPAY,  
INCREASE COST OF DOING BUSINESS.

THE GREATER THE COST OF DOING BUSINESS  
IN MONTANA, THE TOUGHER IT IS FOR THE FAMILY-OWNED,  
INDEPENDENT SMALL BUSINESS TO SURVIVE.

OUR HISTORY OF THE WHOLESALE DISTRIBUTION  
BUSINESS, HAS BEEN ONE OF INCREASING SPECIAL TAXES.  
TAXING CIGARETTES BEGAN IN 1947, AS TAXES INCREASED,  
WHOLESALE BUSINESSES DECREASED TO ABOUT 20 FROM OVER 50

ON BEHALF OF OUR 37 EMPLOYEES PLEASE GIVE  
H-B-266 A DO NOT PASS RECOMMENDATION.

\* SEE ATTACHED ADDITIONAL INFORMATION

Thank You

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

EXHIBIT 1  
DATE 2/8/89  
HB 266

*Rep. D. Bradley*

The text of HB266 hides from us more than it tells us. Just to illustrate:

The state tax on a pack of 25 cigarettes is \$2.00. The bill refers to creating a new special sales tax of 1 cent a pack, relating the 1 cent only to a pack of 20. The effective tax increase on a pack of 25s is 60 cents. For a pack of 20 cigarettes, the tax would be 48 cents.

The text of the bill glosses over just who pays for the proposed increase in tax. The law in its entirety makes clear that the state licenses wholesale distributors and charges distributors with prepayment of the state and federal tax. This tax totals \$3.60 for pack of 20 cigarettes, \$4.00 for a pack of 25.

Refer to the fiscal note and you will see the state estimates that Montana wholesale distributors will advance a total of more than \$600,000 for a full year. They do not prepay all that at once. However, the law states that the tax must be prepaid prior to selling the products. This places a greater burden on the state's licensed tax collectors of cigarette taxes—the wholesale distributors.

All this becomes even more meaningful when you consider the makeup of distributors. The majority is comprised of family-owned, independent small businesses —not the major grocery chains such as Buttreys and Osco, Ryans wholesale which have larger corporate resources to cope with added costs.

Increased taxes which must be prepaid increase costs of doing business.

The greater the cost of doing business in Montana, the tougher it is for the family-owned, independent small businesses to survive. Our history of the wholesale distribution business has been one of increasing special taxes, beginning in 1947, and reduction of wholesale businesses to about 20, from over 50.

EXHIBIT 8  
DATE 2/8/89  
HB 266  
Rep. W. Bradley

WITNESS STATEMENT

HB 266

NAME DEAN Woodring

ADDRESS 1324 Helena Ave

WHOM DO YOU REPRESENT? Service Distributing Incorporated

SUPPORT OPPOSE  AMEND

COMMENTS:  
I do not feel that the increase on Cigarettes Tax would  
Benefit the State or anyone else concerned.

The Reason For this is that with each New tax the  
sales of such products decrease, thus less Revenue to the State.

At the Risk of Repeating the Comments of Another  
Witness, our Business would do well if we could keep the Tax  
and the government take the Profit.

Please Vote No on HB 266

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



VIA FAX-

EXHIBIT 9

DATE 2/8/89

HB 266

*Rep. W. Bradley*

WITNESS STATEMENT

NAME TOM STUMP HB 266

ADDRESS Box 2645, GREAT FALLS MT 59403

WHOM DO YOU REPRESENT? PENNINGTON'S, INC.

SUPPORT OPPOSE  AMEND

COMMENTS: \_\_\_\_\_

This is testimony presented by Tom Stump, Controller at Pennington's Inc located in Great Falls, MT.

It is in opposition of HB266.

On behalf of the eighty employees of Pennington's Inc. and the 3,500 customers, serviced by us, I oppose House Bill 266. As members of the House Taxation Committee your primary responsibility is to assure the state has sufficient revenues with which to operate in the forth coming year and for the years to come. This is best done with investigating and implementing taxing schemes with a broad base and projected growth. You must pay particular attention to the longevity of revenue source.

HB266 proposes subjecting a raise in the tax on cigarettes. Historical information proves that with each raise in cigarette tax, consumption goes down. Hence, revenues to the state go down. This downward trend in consumption might be the overall goal of the proponents, however, you as a member of this committee, must investigate sources that are reliable in the future as well as now. Tax on cigarettes is an excise tax. It spreads the tax burden on an ever decreasing tax base plus the members of the tax base are typically people that are in the lower economical levels and are least likely to afford this special tax burden. Should this special earmarked tax be instigated, you must also consider the ramifications to the remainder of the cigarette tax scheduled to be collected and utilized by the state in it's regular collections. This would in turn go down and that leaves the state in further financial difficulty. Leave well enough alone and vote against HB266.

The proponents stand on this issue can be looked upon as honorable. However, if I may use the phrase "they have the wagon before the horse" when it comes to the powers that this money generated can do. I am uncertain what the uses are for with "other related bills to be proposed at a later date". Again this leaves uncertainty to myself when authorizing the monies to be collected.

Montana is not financially fit enough to be earmarking special funds to be used for uncertain reasons.

Again I urge you to vote against House Bill 266.

EXHIBIT 10  
DATE 2/18/89  
4B 266  
*Rep. L. Brasley*

WITNESS STATEMENT

NAME TOM MADDOX H B 266

ADDRESS P. O. Box 123 (1777 LeGrande Cannon Blvd.), HELENA MT 59624

WHOM DO YOU REPRESENT? Montana Association of Tobacco and Candy Distributors  
-family-owned, independent service, small businesses

SUPPORT \_\_\_\_\_ OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

Our association is comprised of independent, family owned, Montana based wholesale distributing firms, employing nearly 500 persons. On their behalf, I want to tell you why we oppose HB266, and ask that you vote against it.

HB266 proposes that Montana catch up with worldwide advances made in research on the bill's named and unnamed diseases. Sponsors express concern for those suffering from illnesses and this is commendable. However, the "cure" proposed is unrealistic. Opposing the bill does not mean we care less about our own relatives and friends who suffer.

HB266 is unrealistic because it proposes a new special sales tax which clearly is too little to catch up with world class researchers, commanding billions of dollars from private and government sources, with experience, high accreditations and costly state of the art technology and equipment. It proposes that Montana catch up, with no medical university, no dental school.

It's unrealistic to propose still one more special fund, using new revenue—an increase of one cent a pack of cigarettes—even as a two year legislative investigation into special funds has yielded corrective reform bills. They would carry out recommendations of the nearly 50 page investigation findings, recover special earmarked funds, and put the legislature in control of the state's financial affairs.

By reference and specifically, the bill empowers a board to draft rules and regulations to spend its new money as it wishes. (Section 90-2-203; bill page 4, lines 1-8, and 16-20; page 7, lines 5 -20.)

It is one more selective sales tax bill. Collectively, Montana sales taxes comprise the second greatest source of revenue, and trash the principle of fairness we claim to honor.

For these and other positive factors lacking in the bill, we request respectfully that you consider the bill in entirety, and determine to vote against HB266.

~~The bill is scheduled for hearing February 1 in the Taxation committee.~~

Sincerely,  
*Tom Maddox*

REVENUES-

EARMARKED

# Untouchables

There are a lot of sacred cows in state government but perhaps the most untouchable herd is that category known as earmarked funds.

Earmarking revenues is a device for tying revenues from specific taxes and other fees to the financing of a specific government function.

In Montana, the constitution earmarks revenues for highway programs, the coal tax trust fund, public schools and universities, livestock inspection and control, animal health programs and operation of the Consumer Counsel. All other earmarked revenues have been established by statute.

Earmarking has grown like topsy. In 1976, \$172 million in revenue was earmarked. As of June 30, 1986 there were 212 state special revenue accounts with receipts of \$449 million.

Sixty-one percent of Montana's total tax revenues are earmarked. We rank third highest among 46 states who responded to a survey conducted by the National Council of State Legislatures. The only states with a higher percentage were Alabama (89 percent) and Wyoming (69 percent). The only other state that earmarks more than 50 percent is South Carolina (52 percent).

Earmarking does have some advantages, but in our view they are outweighed by the disadvantages.

According to a report by the Legislative Fiscal Analyst which was submitted to the Legislative Finance Committee in September of 1986, earmarking revenues contributes to the misallocation of funds, resulting in over-funding some programs and under-funding others; it contributes to inflexibility of the revenue structure to adapt to changing conditions and it complicates and introduces inefficiencies in the administration of state programs.

Beneficiaries of earmarked funds enjoy a privileged status. Their programs don't receive the legislative scrutiny to which other budgets are subjected and therefore don't have to fight as hard to justify the existence of their programs.

**AN  
IR  
VIEW**

EXHIBIT 10  
DATE 2/8/89  
HB 266  
*Rep. H. Bradley*

There are 32 special revenue accounts in the Department of Commerce that are used to fund business regulation, such as the Board of Dentists, Board of Barbers, etc.

Some would argue that since these boards are funded by fees levied on the people regulated by the boards, earmarking is proper.

But there's another side to this viewpoint.

An acquaintance said the membership of the professional organization he was lobbying for wanted the Legislature to reduce funding for the board which regulated this particular profession because the board was building an empire at the expense of the members it was regulating.

Legislators turned a deaf ear on him. The last thing the Legislature wanted to do was settle turf battles.

Nevertheless, 32 boards have the power to tax their members in the name of regulation, yet the membership has no say over the taxes they pay and there is virtually no legislative oversight.

Regulatory agencies and other recipients of earmarked revenues should be required to justify their programs and proposed expenditures during the budget process.

The only way that's going to happen is if the Legislature faces up to its responsibility and makes every board, bureau and agency justify its existence and its costs.

The fiscal analyst's 1986 report, in referring to a recent budget crisis, said that "The high percentage of earmarking severely eroded budgetary flexibility as protected revenues and programs were either untouchable or required confusing manipulative measures to include them in the solution to the crisis. It can be argued that the budget shortfalls would have been substantially easier to resolve had it not been for the myriad of restrictive earmarking provisions."

It's time to put this sacred cow out to pasture with the rest of the critters.

EXHIBIT 11  
DATE 2/8/89  
HB 266  
Rep. H. Broderick

WITNESS STATEMENT

HB 266

NAME Steve Buckner  
ADDRESS P.O. Box 1887 Bozeman, Mt. 59771  
WHOM DO YOU REPRESENT? Service Distributing, Inc.  
SUPPORT OPPOSE  AMEND

COMMENTS: On behalf of my father, myself, and the rest of our family - all of whom are involved in our business, I oppose House Bill 266.

House Bill 266 proposes subjecting a raise in the tax on cigarettes. With each raise in cigarette tax, historically consumption has gone down, and the state gets less return per cent of tax. Over half of the sales and profits of our family business is from the sale of cigarettes. As the tax on cigarettes increases, the threat of laying off some of our 29 employees grows ever stronger. The thought of performing this duty is not pleasant.

While attending college in Montana two years ago, I served as a consultant for two small businesses suggesting ways for them to improve and stay in business. As our family business progresses through the next few years, we may need a student to come in and suggest ways to help us stay in business.

The proponents' stand on this issue is admirable. The state of Montana does need to find a way to attract business to this state to improve our economic position. But you must first protect the jobs that are currently in this state. Montana can not afford to earmark special funds to be used for uncertain reasons and let its current job base decline at the same time.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Form CS-34A Again I urge you to vote against House Bill 266  
Rev. 1985

EXHIBIT 12  
DATE 2/8/89  
HB 266  
*Rep. H. Bradley*

**THE ECONOMIC EFFECTS RAISING OF MONTANA'S CIGARETTE TAX**

Montana last raised its cigarette excise tax in 1983 when the tax was increased from 12 cents per-pack to 16 cents per-pack or by 33 percent. New tax increase proposals would raise the cigarette tax by five or ten cents per-pack.

A new tax increase on cigarettes would be especially unfortunate for Montana's wholesalers and retailers. This is because cigarette sales have plunged 25.2 percent since Fiscal Year 1982, from 97.1 million packs in Fiscal Year 1982 to 72.6 million packs in Fiscal Year 1988. This is nearly three times greater than the percentage decline in national cigarette sales for the same time period.

A cigarette tax increase would further erode sales by increasing the tax difference with neighboring Wyoming which imposes an 8-cent per-pack cigarette tax. The tax difference between Montana and Wyoming would widen from 8 cents per-pack to 13 cents per-pack for a five-cent tax increase and to 18 cents per-pack for a 10-cent tax increase.

In addition, sales of cigarettes on Indian reservations will become even more attractive. In fact, according to a 1985 study by the Federal Advisory Commission on Intergovernmental Relations ACIR, 17.2 percent of Montana's tobacco sales emanate from Indian reservations, the highest share in the country.

The end result, will be a serious reduction in income for Montana's wholesalers and retailers, and in the revenues to the state expected from the imposition of the tax.

Cigarettes are the number one product sold in convenience stores, representing 19 percent of sales. They contribute nearly 10 percent to total sales in chain drug stores; and more than 40 percent of all cigarette sales sold for domestic consumption are sold in supermarkets. It is these merchants who will suffer a severe loss in income with the increase of the cigarette tax in Montana.

The estimated 190,000 residents in Montana who smoke are already paying their fair share of the cost of Montana's state government. Taxes on cigarettes generated nearly \$12 million in revenues for the state of Montana Fiscal Year in 1988. It is grossly unfair to selectively hoist the burden of Montana's fiscal problems on the backs of smokers.

### Impact On Sales

Cigarette sales in Montana fell by an eye-popping 8.67 percent in Fiscal Year 1988, about five times faster than the national decline for the same time period. In comparison, the state of Wyoming, which has limited its cigarette tax to 8 cents per-pack, has experienced only a 2 percent decline in sales which is close to the FY 1988 national sales decline of 1.6 percent.

The tax difference between Wyoming and Montana will ignite a serious decline in cigarette sales if Montana raises its cigarette tax. In addition, the looming existence of Indian reservations will make the situation worse.

To top it all off, Montana's population base has deteriorated. The Bureau of the Census reports that Montana's population will fall from 814 million in 1987 to 808 million in 1989. A downward trend is expected until the year 2000. This falling population base will contribute to the decline in sales.

It is estimated that cigarette sales in Montana would fall from 72.6 million packs in Fiscal Year 1988 to 62.7 million packs in Fiscal Year 1989 if Montana raised its cigarette tax by 10 cents (see, table I). About two-thirds of this decline, or 6.2 million packs is due to the 10-cent tax increase. The remainder of the decline -- 3.7 million packs -- is due to the downward cigarette sales trend established in Montana since 1982. Over-all cigarette sales would decline by 13 percent if Montana raised its cigarette tax by 10 cents, and by 9 percent for a five-cent increase.

Montana's wholesalers and retailers would experience a reduction in their income due to falling cigarette sales of approximately \$1.5 million in the case of a 10-cent per-pack increase. However, the actual loss of income to Montana's wholesalers and retailers will be larger because smokers often purchase other commodities in retail stores when they purchase cigarettes.

It was estimated by Chase Econometrics that nearly 5,000 jobs in Montana were due to the existence of tobacco sales in Montana. In the case of a 10-cent tax increase tobacco sales would fall by 13 percent. As a consequence, nearly 650 jobs would be eliminated.

### Cigarette Taxes Are Unfair

Most consumer goods are not saddled with excise taxes. Out of the small group of commodities subject to excise taxes, tobacco confronts one of the most punitive levies. Excise taxes on

EXHIBIT 12  
DATE 2/8/89  
HB 266  
*Rep. H. Brasley*

cigarettes represent nearly 30 percent of the price of a pack of cigarettes. As a consequence, smokers pay over five times the amount of taxes, as a percentage of price, compared consumers of most other goods.

Tobacco taxes are also regressive which means they take a much greater percentage of a low income person's budget compared to a wealthy taxpayer. The Congressional Budget Office (CBO) showed in a 1987 study that tobacco taxes were the most regressive of all.

According to the Citizens for Tax Justice study, Nickels and Dimes, tobacco taxes as a percentage of income are five times greater for a Montana family with income below \$10,000 compared to a Montana family with an income in excess of \$40,000.

More than 100,000 families in Montana, or nearly 20 percent, have an effective buying income of less than \$10,000 per year. All told, more than one-third of total households have incomes less than \$15,000. It is these families who will suffer the most from an increase of the cigarette tax rate.

A two-smoker family in Montana pays nearly \$340 per-year in federal and state excise taxes. This is a harsh penalty for Montana smokers, especially those with low incomes.



EXHIBIT 12  
 DATE 2/8/89  
 HB 266  
 Rep. H. Bradley

Table 1

The Economic Impact of Tax Increases in Montana

<u>Tax Rate</u> (¢/Pack)	<u>Tax Increase</u> (¢/Pack)	<u>1989 Projected Package Sales</u> (Mil.)	<u>Estimated Sales Decline In Packs Due to Tax Increase</u> (Mil.)	<u>Estimated Loss of Income to Retailers &amp; Wholesalers Due to Tax Increase</u>	<u>Estimated Loss In Sales of Other Products Due to Tax Increase</u> *
16	0	68.9	---	---	---
21	5	65.6	3,121,800	\$ 736,744	\$1,657,675
26	10	62.7	6,243,600	1,473,409	3,315,351

\* Based on estimate of \$5.00 worth of "other products" purchased with each carton of cigarettes.

Source: The Tax Burden on Tobacco and Elasticity Estimates Derived from Economic Models, The Tobacco Institute.

EXHIBIT 13

DATE 2/8/89

HB 266

*Rep. H. Bradley*

Montana Science & Technology Alliance

**1989**  
*Biennial Report*

Exhibit 13  
2/8/89  
HB 266  
Rep. D. Bradley

THE MONTANA SCIENCE AND TECHNOLOGY ALLIANCE

Program Functions

- 1) Administration of a Seed Capital Program for financing new and expanding Montana businesses which are commercializing "innovative" products or processes.

In a bill to be introduced at the request of the Governor, funding for this program will be requested from the Instate Investment Fund - a Coal Tax Trust Fund account.

- 2) Administration of a Research and Development Program for financing research projects and improvement of the state's entrepreneurial development capabilities for the benefit of Montana's private commercial economy.

The only fund source available for this program will be about \$300,000 over the biennium through the General Appropriations Act.

**THIS IS THE PROGRAM TARGETED BY HB 266 FOR DISTRIBUTION OF FUNDS MADE AVAILABLE FROM THE INCREASED CIGARETTE TAX.**

THE AMERICAN CANCER SOCIETY INSTITUTIONAL GRANT *Rep. U. Bradley*

The American Cancer Society Institutional grant is a State-wide program providing limited seed money funding of promising new research projects by junior investigators. This allows for sufficient data to be generated to support successful grant applications to major agencies such as the National Institutes of Health, the American Cancer Society and the National Science Foundation.

This type of program has a high rate of external \$s obtained per \$ invested...at this time we have spent about \$45,000 which has already resulted in about \$200,000 in new grants to Montana institutions. The final figure will probably be several times this dollar amount.

These funds enable good scientists to get started in Montana. Currently, we lose most of our best graduates to other states. For instance, 2/3 of the National Cancer Institute's initial distinguished investigator awards went to Montana graduates none of whom had found it practical to remain in this state.

Overall, it is a benefit for cancer patients to have a local resource of cancer researchers, and several individuals supported on this project are currently making presentations to community groups around the state.

1988-1989 LOCAL AMERICAN CANCER SOCIETY INSTITUTIONAL GRANT  
(MONTANA) COMMITTEE MEMBERS

Jean R. Starkey (Chair),	Department of Microbiology, Montana State University, Bozeman, MT.
Edward A. Dratz,	Chemistry Department, Montana State University, Bozeman, MT.
Sandra J. Ewald,	Department of Microbiology, Montana State University, Bozeman, MT.
David M. Young,	Veterinary Sciences and Co-ordinator for Biomedical Research, Montana State University, Bozeman, MT.
John L. Portis,	NIH, Rocky Mountain Labs., Hamilton, MT.
John M. Opitz,	Medical Genetics, Shodair Hospital, Helena.
Peter J. Wettstein,	Co-Director, The McGlaughlin Research Institute, Great Falls, MT.
Tom North,	Division of Biological Sciences, University of Montana, Missoula, MT.

RESEARCH PROJECTS SUPPORTED BY THE MSU LOCAL AMERICAN CANCER SOCIETY INSTITUTIONAL GRANT, 1987-1989.

1. Investigator: Erik van Kuijk  
Institute: Department of Chemistry      Award Amount:  
Montana State University      \$7,500  
Bozeman, Montana 59717  
Title: The Role of Lipid Peroxidation and Free Radical Induced Cell Injury in Cancer
2. Investigator: Bruce R. McLeod and Clifford W. Bond  
Institute: Departments of Electrical Engineering and Microbiology      Award Amount:  
Montana State University      \$4,600  
Bozeman, Montana 59717  
Title: Control of Mammalian Cell Regulation by Cyclotron Resonance
3. Investigator: Dr. P.W. Jennings  
Institute: Department of Chemistry      Award Amount:  
Montana State University      \$7,500  
Bozeman, Montana 59717  
Title: Investigation of a New Class of Antitumor Platinum Complexes
4. Investigator: Dr. P.K. Crowle  
Institute: Biology/WAMI  
Montana State University      Award Amount:  
Bozeman, Montana 59717      \$5,300  
Title: Evaluation of the Role of Mast Cells in Tumor Associated Angiogenesis Using the W/W<sup>v</sup> Mast Cell-Deficient Mouse
5. Investigator: D.E. Burgess  
Institute: Veterinary Research Laboratory  
Montana State University      Award Amount:  
Bozeman, Montana 59717      \$5,000  
Title: Studies in Lymphoid Tumor Biology of the Bovine
6. Investigator: D.L. Berglund  
Institute: Flow Cytometry Lab.      Award Amount:  
Montana State University      \$5,000  
Bozeman, Montana 59717  
Title: Isolation of Viable Oncogene-Product-containing Tumor Cells by Flow Cytometry
7. Investigator: Keith K. Parker  
Institute: Department of Mathematics and Science  
Western Montana College      Award Amount:  
Dillon, Montana 59725      \$3,000  
Title: Regulation of Differentiation in C6 Glioma
8. Investigator: Steve Hamner  
Institute: Department of Microbiology      Award Amount:  
Montana State University      \$6,487  
Bozeman, Montana 59717  
Title: Defining Regulatory Elements Involved with Expression of Viral Kirsten ras Oncogene in NIH 3T3 Cells: Implications for Control of Metastasis
9. Investigator: Dr. Niranjan Rao  
Institute: School of Pharmacy      Award Amount:  
University of Montana      \$6,500  
Missoula, Montana 59812-1201  
Title: Plasma Protein Interactions and Biliary Excretion Profile of Amonafide - a New Antitumor Drug
10. Investigator: Alvin Fitzgerald  
Institute: Department of Chemistry      Award Amount:  
Montana State University      \$5,488  
Bozeman, Montana 59717  
Title: Electron Density Distribution Study of the Purine Compound, Adenosine, by X-ray Diffraction Methods
11. Investigator: Dr. D.B. Stierle  
Institute: Department of Chemistry and Geochemistry  
Montana College of Mineral Science and Technology  
Butte, Montana      Award Amount:  
\$5,000  
Title: Investigation of Potential Anticancer Agents from Marine Microbes

M O N T A N A  
5th LEGACY LEGISLATURE

EXHIBIT 15  
DATE 2/8/89  
HB 444  
*Rep. J. Brown*

2-8-1989

TO: House Taxation Committee  
FROM: Fred Patten, President 5th Legacy Legislature  
RE: HB No. 444 "Tax Check off for Legacy Legislature

Funding for Legacy Legislature should not be the responsibility of the State. State Agencies are faced with requests from the Govoner to reduce state spending.

The Candidate Forms sponcered by Senior Citizens have also shown that the Local Candidates for Legacy Legislature feel that the program is needed but funds must come from some source other than the state. The decision to fund the Legacy Legislature by using this check off on the state income tax form will rest entirely on each individual who files a state tax return. There will be no state funds involved.

With this kind of funding Legacy Legislative programs could continue to improve and some funding could also be directed towards the Montana Silver Haired Congress.

After looking at the fiscal note I would like to submit these amendments to HBNo. 444. I have contacted the Dept. of Revenue and they feel these amendments would make this bill acceptable to them.

EXHIBIT 16  
DATE 2/8/89  
HB 444  
*Rep. J. Brown*  
2/8/89

HOUSE BILL 444

AMENDMENTS

Page 3. Line 2.

Following: "than"

Insert: "15% each year for the first five years and"

Following: "5%"

Insert: "for the following years"

Insert after "years" or until such time as statute's establish  
a common administrative rate.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. HB 266

DATE February 8, 1989

SPONSOR <sup>Rep.</sup> Dorothy Bradley

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Tom Maddox	Helena		X
STAN FEIST	Missoula		X
Steve Buckner	Bozeman		X
Monic Ludeman	Helena		X
Dean Woodring	Helena		X
Karen Malisani	Helena American Cancer Society	X	
Jim Brown	Butte	X	
Johannes Tutila	Bozeman	✓	
Joe R. Shelby	Bozeman	✓	
Jim Brock	Bozeman	✓	
Walt Hill	Missoula	X	
Bruce R. McLeod	Bozeman	X	
Jon A. Rudbach	Hamilton	X	
Steve Huntzler	MSFA Helena	X	
Helen Barber	Big Timber, MT.	X	
GENE PHILLIPS	HELENA		X
David L. Toppin	Butte	X	
Earl Thomas	Helena	X	
Anna B. Jones	Helena	X	

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

Jerome Koenderk Helena  
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY. X

Rogan Tippy Helena X  
John Hilano Bozeman X  
 CS-33







ROLL CALL VOTE

TAXATION

COMMITTEE

DATE February 8 BILL NO. HB 236 NUMBER \_\_\_\_\_

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

TALLY

*LaHana Jahn*  
Secretary

*Dan Harrington*  
Chairman

8      8

MOTION: DO PASS failed 8 to 8 vote. Two members absent.

Committee voted to pass consideration on the bill at this time.