MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on February 10, 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 HOUSE BILL 479

Presentation and Opening Statement by Sponsor:

Rep. Kelly Addy, District 94, stated the bill provides an option for local government to determine the way in which they choose to raise general fund revenue. Property tax increases are prohibited but this bill would allow local governments to raise or implement local income tax or local sales tax or whatever they deemed necessary for the particular community. No tax could go into effect unless it is approved by the people. Rep. Addy stated the bill would allow local governments to enjoy the same flexibility as the state government. Rep. Addy proposed one amendment to the bill. (Exhibit 1). Rep. Addy presented a video to the committee which primarily emphasized the local option taxes and the community revenue needs this type of tax would fund.

Testifying Proponents and Who They Represent:

Artie Aiken, Mayor of Great Falls
Jim Van Arsdale, Mayor of Billings
Dwight McKay, Board Chairman, County Commissioners, Yellowstone County
Gene Vuckovich, City-County Manager, Deer Lodge-Anaconda County
John McMartin, Vice President, Chamber of Commerce, Billings
Don Peebles, Chief Executive, Butte-Silver Bow
Al Stiff, Mayor of Bozeman
Allen Tandy, City Administrator, Billings
Darla Joyner, Executive Vice President, Bozeman Chamber of

Commerce
Valerie Larson, Farm Bureau of Montana
Terry Minnow, Montana Federation of Teachers
Alec Hanson, Montana League of Cities and Towns
Chuck Stearns, Finance Director and City Clerk,
Don Judge, AFL-CIO
Ed Weese, Montana State Firefighters Association
Archie Meinerz, C.E.O., The Elkin Company

Proponent Testimony:

Artie Aiken stated local option taxes were needed to provide necessary funding for cities and towns in Montana. Legislation has not provided a sufficient tax reform policy. She said there are many different local needs and with local option taxes, each community could choose their own method of funding their particular priorities. Ms. Aiken stated local option taxes are fair since all citizens pay, not just property owners.

Jim Van Arsdale presented an ad to the committee. (Exhibit 2). Mr. Van Arsdale stated he had highlighted the important items in the ad he wished to emphasize. He said Pueblo, Colorado, to which the ad referred, has a local option tax, part of which is for industrial development, low property taxes, and a state income tax, all of which enables them to create a favorable climate for economic development.

Dwight McKay stated the local option tax should not be used as a replacement tax for revenues that are presently received. He said the bill was needed for the necessary funding and to allow local control of local problems. Mr. McKay submitted a letter from the Yellowstone County Commissioners. (Exhibit 3).

Gene Vuckovich spoke in support of the bill. (Exhibit 4).

John McMartin stated local option taxes are important since it would give local governments the opportunity to diversify away from the sole reliance on property taxes. He urged support of the bill.

Don Peebles stated local communities should have the opportunity to solve their own problems. He urged support of the bill.

Al Stiff spoke in support of the bill. (Exhibit 5).

Allen Tandy spoke in support of the bill. (Exhibit 6).

Darla Joyner stated the Bozeman Chamber of Commerce membership was in favor of local option taxes. She said local government needs the assurance local option taxes can supply.

Valerie Larson spoke in support of the bill. (Exhibit 7).

Terry Minnow stated the bill requires voter approval, does not specify one particular kind of tax, and provides a source of funding for the services all Montana citizens need.

Alec Hanson stated there would be a lot of opposition to this bill which had been the policy for a number of years. He stated it was time to change direction and in his opinion, this bill was a definite step forward. He urged support.

Chuck Sterns stated he supported the bill for the reasons already mentioned and because it is consistent with the intent of the 1972 Constitutional Convention delegates to give more self determination to local governments.

Don Judge spoke in support of the bill but did suggest an amendment. (Exhibit 8).

Ed Weese stated his organization supported the bill.

Archie Meinerz submitted testimony but could not attend the hearing. (Exhibit 9).

Testifying Opponents and Who They Represent:

Sam Ryan, Montana Senior Citizen's Association
Dennis Burr, Montana Taxpayer's Association
Buck Howles, Montana State Chamber of Commerce
Larry McRae, Montana Innkeeper's Association
Steve Turkiewicz, Montana Auto Dealers
Rep. Barry Stang, District 52
Greg Bryan, President, Glacier County Tourism Association

Opponent Testimony:

Sam Ryan stated he opposed the bill since there were too many taxes now and he did not wish to pay more.

Dennis Burr said the statement of intent and the power given to the Department of Revenue in this bill should be clarified. He said local government's can place taxes on a certain area of the population and this is unfair. People will not approve a tax that they all have to pay. He stated the bill is too broad. Mr. Burr said a state to local revenue sharing program would be a better option.

Buck Howles stated the proponents of the bill said this is help for local communities but this will not be broadly applied. He agreed that the cities and towns need assistance but this bill was not the solution. He said this would be bad for economic development.

Larry McCrae stated that local option taxes would effect the motels and hotels abilities to compete with each other. Lodging would be an easy target for an option tax. He said the tax would be very unfair and urged a more equitable solution be considered.

Steve Turkiewicz stated there is a 1.5% new car sales tax already in effect as a local option tax and there is legislation currently to raise this tax to 2.5%. He urged the committee to consider this and to at least eliminate the general sales tax in the bill.

Rep. Barry Stang stated he wished to go on record as an opponent.

Greg Bryan stated this bill has the potential to do damage to local economies. He urged the committee not to pass the bill and to consider the destruction to the tourism industry since lodging would be one of the first areas to be taxed.

Ken Nortdveldt, Department of Revenue Director, made comment only stating he was not a proponent or opponent. He wished to point out that the bill interfaces with the equalization of school funding. He stated the rule making authority of this bill to the DOR is not enforceable as written. Dr. Nortdveldt stated the legislative intent should be clarified. He said putting the burden of equalization back on property taxes would not be done. He stated a much more probable route would be to use revenue sources other than property such as gasoline option taxes or vehicle option taxes. These would be an adequate tax base. He urged the committee to consider how school equalization is to be funded.

Questions From Committee Members: Chairman Harrington asked Dr. Nortveldt if he was advocating using property taxes for school equalization. Dr. Nortveldt replied he was not and he doubted this would happen. He stated this has great impact for HB 479 and thought the committee should not act on this until the school equalization funding problem is solved.

Rep. Raney stated the major cities in Montana are likely to pass a sales tax. The Legislature, in two years, will primarily be coming from communities who have solved their problems with the local option taxes while the small communities will still be having problems. He stated would there not be a demand for all the communities to pass a local option tax. Rep. Addy replied two things would happen. Some people will say this proves a statewide sales tax is needed and others will say it proves a statewide sales tax is not needed. He stated one cannot predict public policy and he feels local communities know and understand their own problems as well as or perhaps better than the legislature.

Rep. Good asked Mayor Aikins if this would be a panacea for revenue needs. Mayor Aikins replied local option taxes are definitely not a panacea for local government finance but they do give people the opportunity to diversify their base of taxation rather than the single base of property taxes.

Rep. Driscoll stated the amendment proposed by Rep. Addy eliminates utilities from the tax but why not tax kilowatts or gas cubic feet within the taxing jurisdiction. Rep. Addy replied this could be done if the language of page 2, line 21 is left in the bill.

Rep. Patterson asked Mr. McKay what taxes would he advocate if this bill is passed. Mr. McKay replied the bill gives the communities the option to cooperative on a tax base package that would assist everyone in whatever programs they feel are their priorities. Rep. Patterson stated this did not answer his question. He asked what specifically would be taxed. Mr. McKay replied if their is a sales tax issue, then local government's would structure this to cover everything but food and other basic necessities. If they decided on an income tax, then it would be a different structure.

Rep. Good asked Mr. Hanson to explain the levying of the taxes on income. He stated it would be "piggybacked" onto the state income tax with a certain percentage set aside and sent to the counties.

Rep. Patterson asked Rep. Addy if he would object to the removal of the section of the bill dealing with local income tax. He stated he was concerned with page 4, line 15 dealing with the employment of a person within the city who lives in the county area. Rep. Addy replied the reason the language is in the bill requiring coordination with the DOR is to provide uniformity if the local option income tax was employed. He stated he would not object to removing this language but he would prefer to discuss this with Dr. Nortveldt before doing so.

<u>Closing by Sponsor:</u> Rep. Addy stated that without this bill, how will the cities and counties be provided for in funding. He said the people understand their own problems and should have the authority to solve them. He stated taxes are a necessary evil but at least, the citizens should have a say in the process and the means to solve their own difficulties.

DISPOSITION OF HOUSE BILL 479

<u>Motion:</u> None

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: None. HB 479 will be considered in executive session at a later date.

HEARING ON HOUSE BILL 256

Presentation and Opening Statement by Sponsor:

Rep. Ben Cohen, District 3, stated HB 256 will allow local government's to add 2% to the existing bed tax. This tax is to fund tourism. Tourism impacts services provided by communities that have a large influx of visitor's during the vacation season. Rep. Cohen stated the city of Whitefish reportedly has a population of about 3,000. However, the population is really between 9,000 and 12,000 due to tourism and other factors related to travelers and visitors. Their entire mill levy is spent on their eight man police force. This has resulted in major problems for the community. Rep. Cohen proposed an amendment to the bill on page 2, line 25, to change "law enforcement" to "public safety."

Testifying Proponents and Who They Represent:

Chuck Stearns, Finance Director and Chief Clerk, Missoula
Don Peebles, Chief Executive, Butte - Silver Bow
Alec Hanson, League of Cities and Towns
Alec Stiff, Mayor, City of Bozeman

Proponent Testimony:

Chuck Stearns spoke in support of the bill. (Exhibit 10).

Don Peebles stated this bill would provide assistance to communities to cope with the problems of tourism. Increased services are needed by local governments for police protection, fire, and others and this bill is an opportunity to enhance the tourism facilities in the state.

Alec Hanson stated there had been unsuccessful attempts to pass a local option tax on hotels and motels in the past. He stated there is stress placed on local services due to the tourism industry. Mr. Hanson stated facilities are needed for recreation for the industry to protect economic development. He urged passage of the bill.

Alex Stiff spoke in support of the bill. (Exhibit 11).

Testifying Opponents and Who They Represent:

Greg Bryan, President, Glacier County Tourism Association
Al Donahue, President, Great Falls Heritage Inn
Larry McRae, President, Innkeeper's Association

Buck Howles, Montana State Chamber of Commerce

Opponent Testimony:

Greg Bryan stated the bill would have a negative effect on business. He said the tax funds could be used for any area without the approval of the people. Mr. Bryan said tourists spend more of their money on other items than on hotels and motels and they are not taxed. Too much of the burden is being placed on hotels and motels. He urged a do not pass on the bill.

Al Donahue stated tourism was one of the bright spots in Montana's economy this last year with a 13% increase in tax revenue. The current bed tax is why this happened and it would not be in place today without the lodging industry. The lodging industry, seeing no money in the general fund, agreed to the bed tax to solve this problem. Mr. Donahue stated less than 20% of tourist dollars is spent on hotels and motels but other businesses are not being taxed. Mr. Donahue stated the hotels and motels should not be singled out in this respect. He urged a do not pass on the bill.

Larry McRae stated the tax increase is discriminatory against the lodging industry. He said visitors to all areas of the state are a vital part of the economy and most of them do not cause law enforcement problems. Mr. McRae stated the lodging industry pays high property taxes plus the current bed tax and any additional tax increases is unfair.

Buck Howles stated he could not add anything more and wished to go on record as opposing the bill.

Questions From Committee Members: Rep. Good asked Mr. Donahue about the impact on people who travel for the state government. Mr. Donahue replied he did not know. Bonnie Tippy, who was in the hearing audience, answered stating the state employees are currently paying approximately $64,000.00 per year based on a 4% tax. An additional 2% tax would be a 50% increase.

Rep. Driscoll stated that last year a 4% sales tax was enacted in this area, and now it is being raised 50%, would the same thing happen with a general sales tax. Rep. Cohen replied that the 4% tax was a bed tax, not a sales tax.

Closing by Sponsor: Rep. Cohen stated there is an increased demand on public services with no way to meet the costs because of the property tax freeze. He stated there are real needs that must be addressed. This bill presents a fair and equitable solution.

DISPOSITION OF HOUSE BILL 256

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. HB 256 will be considered in executive session at a later date.

ADJOURNMENT

Adjournment At: 11:20 a.m.

Dan Harrington

REP. DAN HARRINGTON, Chairman

DH/lj

3515.min

DAILY ROLL CALL

TAXATION COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date February 10, 1989

NAME	PRESENT	ABSENT	EXCUSED
Harrington, Dan, Chairman	✓		
Ream, Bob, Vice Chairman	✓		
Cohen, Ben	✓		
Driscoll, Jerry	✓		
Eliott, 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	✓		

CS-30

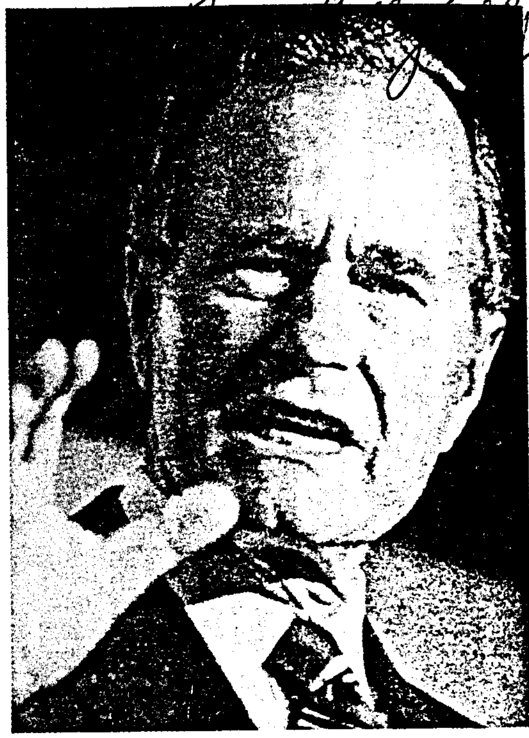
EXHIBIT 1
DATE 2/10/89
HB 479
Rep. Kelly Addy

House Bill 479

1.) Page 6, line 12;
Following line 12;
Insert: NEW SECTION. Section 8. Exemption for public utilities. No public utility subject to rate regulation by the Montana Public Service Commission or owned by a governmental entity, including a rural cooperative utility organized under title 35, chapter 18, is subject to a tax levied under (this act).

Kelly Addy
HD 94

EXHIBIT 2
DATE 2/10/89
HB 479



—FEBRUARY 1986

"GO TO PUEBLO, COLORADO, WATCH WHAT'S HAPPENING!"

—GEORGE BUSH

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EXHIBIT ___
DATE 2/10/89
479
Kelly Addy

County of Yellowstone

COMMISSIONERS

(406) 256-2701

Box 35000
Billings, MT 59107

DATE: February 9, 1989

TO: Chairman Dan Harrington
House Taxation Committee

FROM: Board of County Commissioners

Dear Honorable Members:

The Board of County Commissioners in Yellowstone County very strongly supports local option tax. We have always supported the concept that the government closest to the people is the best government of all.

Local option tax allows:

1. Local control of local problems.
2. Local people to decide what is important for local communities.
3. Allows safe guards of:
   a. vote by people,
   b. vote by project,
   c. vote by time line.

What better way for the legislators to let local governments solve our own problems at home. This should be an easy decision as we will be the ones taking the heat, good or bad but let us help ourselves. We will visit you a lot less if you simply give us the options we need while you are not governing.

We recommend a go for it vote.

DM/pw

(TXH)

EXHIBIT 1
DATE 2/10/89
HB 479
Rep. Kelly Addy

TESTIMONY PRESENTED TO THE HOUSE TAXATION COMMITTEE ON HOUSE BILL 479, FEBRUARY 10, 1989, 9:00 A.M., PRESENTED BY GENE VUCKOVICH, CITY-COUNTY MANAGER, ANACONDA-DEER LODGE COUNTY

Mr. Chairman and Committee Members:

I wish to offer testimony as a proponent of House Bill 479.

By way of background information, Anaconda-Deer Lodge County has suffered severe economical setbacks in recent years, with the closure of the Anaconda Reduction Works by the parent company, Atlantic Richfield, in 1980, and the subsequent dismantling of the world's largest smelter. Because of the closure, many allied businesses have had to cease operations in Anaconda-Deer Lodge County. The consequence of the afore-mentioned has been a drastic reduction in the taxable valuation of property in Anaconda-Deer Lodge County which has caused the value of a mill in Anaconda-Deer Lodge County to decrease from $21,515.00 in 1975 to $17,138.00 in 1980 to $8,600.00 in 1988. This amounts to a 60 percent decrease in valuation since 1975.

The citizens of Anaconda-Deer Lodge County have long been accustomed to excellent city-county services and an outstanding public educational system.

During these past economically, troublesome years the citizens of Anaconda-Deer Lodge County have seen severe reductions in services and personnel. For example, the city-county staff has been reduced from 177 employees in 1977 to 75 individuals at the present time. The city-county has been forced to expend all of its cash reserves and has been operating on a hand to mouth existence for the past several years.

The citizens of Anaconda-Deer Lodge County will do all in their power to support the local government and school systems as evidenced by the overwhelming passage of the local school levy this past Tuesday (February 7, 1989). This marks the ninth straight year that the school mill levy was passed on the first attempt.

Because the residents of Anaconda-Deer Lodge County want good schools and city-county government, they have been willing to pay for the same with a mill levy of 473.81 mills being assessed in the City of Anaconda. This high property mill value, however, has had a negative effect on the county's ability to attract new businesses and industries.

Due to the combined effects of frozen property taxes, accelerating inflation and both state and federal mandates such as those proposed on solid waste disposal, effluent wastewater discharge, and others, it is anticipated that the financial condition of the county will continue to deteriorate.

While it is my honest belief that it would be most difficult to secure voter approval of a local option tax in the county at this time, the alternatives provided by this bill may be necessary at some time in the near future to maintain some of the public services offered our citizens now.

I therefore ask your support of this piece of legislation and urge you to give a "do pass" recommendation to House Bill 479.

Thank you.

EXHIBIT 5
DATE 2/10/89
HB 479
Rep. K. Addy

THE CITY OF BOZEMAN
411 E. MAIN ST. P.O. BOX 640 PHONE (406) 586-3321
BOZEMAN, MONTANA 59771-0640

February 10, 1989

Rep. Dan Harrington
Chairman
House Taxation Committee
Capitol Station
Helena, Montana 59620

Dear Rep. Harrington:

The City of Bozeman supports HB479, which would enable the city or county electorate or the governing body to determine the need for a specific tax for its community.

Over the years, our City has not had the ability to fund necessary infrastructure and basic services to a level demanded by the residents; and this bill would allow the voters or locally elected boards to choose an acceptable means of taxation.

Thank you for your positive consideration of HB479.

Sincerely,

Alfred M. Stiff

ALFRED M. STIFF
Mayor

AMS:rs

EXHIBIT 6
DATE 2/10/89
HB 479
Rep. K. Addy

TESTIMONY FOR HOUSE BILL 479

LOCAL OPTION TAXES

Honorable Committee members, my name is Alan Tandy. I have been the City Administrator for the City of Billings for approximately the last four years.

I wish to add to the testimony previously presented by briefly discussing my experience with local option tax laws when I was the City Manager in the states of Wyoming and Ohio and the relevance of those experiences to beliefs which exist in Montana about local option taxes.

One of the arguments against local option taxes is that there should not be disparity between different taxing jurisdictions within a state. Yet in most states of the Union, including Wyoming and Ohio, there are significant differences from community to community which are barely noticed by the taxpaying public.

Another common argument against local option taxes is that they are expensive to collect at the local level. We have seen, however, in West Yellowstone that a resort tax can be easily collected by a minimal staff. In the city I served in the State of Ohio local option income taxes were the largest general fund revenue. In excess of $3-1/2 million in income tax was collected by one and one-half people in the city income tax department.

Another common misconception is that having local option taxes in a community will create dramatic shifts in consumer buying habits as people attempt to avoid jurisdictional boundaries to avoid paying the tax. Yet, approximately one-half of the counties in Wyoming have the local option one percent sales tax and the other half do not. It was never my experience, during several years I spent in that state, to perceive any change in consumer buying habits in an effort to avoid the one percent sales tax.

Another common misperception is that the voting public will never accept another tax even if it can be dedicated in part or whole to property tax relief. The community I was in in Wyoming had a referendum every two years on renewal of the local option one percent sales tax. Every two years, the community voted approximately 70% in support of renewal of the tax. That occurred because city and county governments use the proceeds for specific projects which were desired by the voters. Since the voters could see that productive use was being made of the tax proceeds, they felt they were deriving a benefit from the tax and continued its renewal.

HOUSE BILL 479 contains provisions which would assure that the voter would approve the tax, the source, the use of the proceeds, and the duration for which the tax was being proposed when they went to the voting booth. This is the fairest and most reasonable form of allowing citizens to determine their own service level demands and how best to pay for them.

If you have any questions, I will be happy to respond.

EXHIBIT 7
DATE 2/10/89
HB 479

MONTANA FARM BUREAU FEDERATION
502 South 19th • Bozeman, Montana 59715
Phone: (406) 587-3153

Rep. K. Addy

BILL # HB 479 ; TESTIMONY BY: VALERIE LARSON

DATE 2/10 ; SUPPORT YES ; OPPOSE

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, FOR THE RECORD, MY NAME IS VALERIE LARSON, REPRESENTING APPROXIMATELY 3600 FARM BUREAU MEMBERS FROM THOUGHOUT THE STATE

FARM BUREAU SUPPORTS THE LOCAL OPTION TAX, AND THE RIGHT OF VOTER APPROVAL OF ALL MONTANA TAX LEVY ISSUES ON A LOCAL LEVEL.
WE ALSO ENCOURAGE THE USE OF LOCAL OPTION TAXES TO PROVIDE PROPERTY TAX RELIEF.
FARM BUREAU SUPPORTS HB 479

THANK YOU.

SIGNED: Valerie Larson

FARMERS AND RANCHERS UNITED

EXHIBIT 8
DATE 2/10/89
HB 479
Rep K. Eddy

MONTANA STATE AFL-CIO
AFL
APRIL 29 1956

JAMES W. MURRY
EXECUTIVE SECRETARY

110 WEST 13TH STREET
P.O. BOX 1176
HELENA, MONTANA 59624

(406) 442-1708

Testimony of Don Judge on House Bill 479 before the House Taxation Committee, February 10, 1989.

Mr. Chairman and members of the Committee, for the record, I am Don Judge representing the Montana State AFL-CIO, and we are here today to testify on House Bill 479.

We support the ability of local governments to offer the voters local option taxes. Local governments in Montana today have been hard hit by the effects of I-105 and the reluctance of taxpayers to allow increased property taxes. They need other options with which to fund needed local services.

We have seen reductions in local government services that begin to reach into the very heart of the essential needs of Montana's citizens. Our schools have laid off teachers, increased class sizes and, in some cases, have closed doors. Our cities and counties have put off essential road, street and building maintenance needs. And reductions in public workforces threaten the very public safety services Montanans count on in times of emergency. These are issues of concern to all Montanans and House Bill 479 attempts to address these needs.

We support the provisions of House Bill 479 which provide for local votes and control of any new taxes. We believe that this bill gives local voters the opportunity to decide for themselves the level of services they believe will meet their needs. And so, in general, we support House Bill 479.

However, Mr. Chairman, members of the committee, we must also urge you to amend the bill to remove the language contained on page 2, line 21 . . . . the local option sales tax.

Organized labor has a proud tradition of opposing general sales taxes in the State of Montana. Our members believe that all sources of revenue, whether state or local, should share an important characteristic -- they should be based on an individual's ability to pay. Sales taxes, no matter how they are fashioned, do not have this characteristic. They merely shift the tax burden away from wealthy individuals and large corporations to the working men and women, the poor, our senior citizens and those on fixed incomes. It shifts the burden to those least able to afford the costs.

EXHIBIT 8
DATE 2/10/89
HB 479
Rep. K. Addy

Testimony of Don Judge on House Bill 479
Page Two
February 10, 1989

Some would argue that the public vote mandated in House Bill 479 ensures a safeguard against any unwarranted imposition of a sales tax. But, let me assure you, that the economic forces who would promote a sales tax are far more wealthy and better able to promote their position than are those who would be most adversely affected by such a tax. In addition, we've already witnessed a significant pro-sales tax bias by elements of the public press, giving advocates a platform to promote the image of public support greater than reality.

The sales tax, whether selective or general, is an insidious tax that simply grows, expands and devours tax fairness in its wake. We believe that tax fairness should be the basis for any new tax proposals in Montana. As such, we urge you to amend House Bill 479 as we have suggested and give it a "do pass" recommendation.

Thank you.

EXHIBIT 9
DATE 2/10/89
HB 479
Rep. K. Addy

The Elkin Company

1305 North Barker Road Suite 8 Brookfield, WI 53005 414-784-6230

February 8, 1989

House of Representatives
Taxation Committee
House Bill 479

Subject: Parkland West

Gentlemen:

The present laws concerning real estate SID's, no doubt, have been adequate --- but most everything changes. In today's Montana real estate economy, the present laws severely affect all parties --- the State, the County, the City, the businessman, the developer and the community in general.

In our case, the Elkin Company has invested millions of dollars in the Parkland West real estate development on 32nd and Central Avenue in Billings, Montana. However, the SID's and property taxes keep running with interest and penalties. In 1984 we were assessed $1,200,000 in offsite SID's and an additional $700,000 in onsite SID's. With the downturn in the Billings economy, business is generally down, and the real estate business has practically stopped. We have paid diligently all SID's and taxes on our sales. In addition in 1985 we paid a total of $453,000 in back taxes and SID's in two bulk payments to buy three year's time. This was done in hopes of a change in the economy, and to give us time to amplify our sales efforts, only to have the law change and accelerate our tax and SID payments.

At this time we still owe approximately $1,000,000 in offsite SID's. In December of 1988, there was a foreclosure on part of our subdivision. At that time we were given consideration, wherein we could pay the delinquent taxes over four years at 8% interest. However, we are unable to get the same consideration on the remainder of our property in the same subdivision.

In December we paid the first installment to gain six months time to study other alternatives.

One of the alternatives is an 18 hole public golf course. We have done the demographics, laid out the course, completed the basic engineering, and have invested approximately $125,000 in an effort to continue the development of this project.

EXHIBIT 9
DATE 2/10/89
HB 479
Rep. K. Addy

In the approval process for the golf course we again run into the general policy requiring a firm commitment at the end of five years for the development of Central Avenue and 32nd Street. Our share of that development would be $688,000. This adds additional costs that make the future development of Parkland West very unrealistic.

We think this golf course would be an asset for the community, the City, the County, the State, and would allow us to continue our efforts to finish this proud development.

I trust this example will stimulate consideration for a change.

Respectfully,

THE ELKIN COMPANY

Archie Meinerz pa

Archie Meinerz
C.E.O.

AM:paa

EXHIBIT 10
DATE 2/10/89
HB 256
Rep. Ben Cohen

MISSOULA

FINANCE/CITY CLERK OFFICE

201 W. SPRUCE • MISSOULA, MT 59802-4297 • (406) 721-4700

FINANCE AND DEBT MANAGEMENT
BUDGET AND ANALYSIS
ACCOUNTING
CITY CLERK
UTILITY BILLING
RISK MANAGEMENT

CITY OF MISSOULA
CHUCK STEARNS TESTIMONY ON HOUSE BILL #256

The City of Missoula strongly supports House Bill #256 which would allow a local option lodging facility tax of 2%. A local option lodging facility tax has been considered a primary possibility for local government taxing diversification and property tax relief in Montana at least since prior to the 1972 Constitutional Convention.

Local option lodging taxes are the most popular local option tax nationwide. Local taxes on transient lodging are found in more states (43 states) than any other selective excise tax.[1] Allowable local option add-on rates in these states range from .9% in Colorado to 11% in California and voter approval is required in only eight of the forty-three states.[2] Attached to this testimony are pages 96 and 121-131 from a survey done by two well renowned public finance professors. These pages provide you with information on the availability, ranges, and administration of local option lodging taxes in the states which allow their use.

In Missoula, this tax would raise an estimated $207,000 annually in new revenue for the City. We would suggest and support that the uses for this money not be restricted to law enforcement as described on page 2 line 25 of HB256, but rather the funding be allowed for law enforcement, fire safety purposes, transportation expenditures, and/or property tax relief.

A local option lodging tax is also an equitable tax. The burden is imposed on users of lodging facilities and such users in Montana normally do not pay any other direct local tax. As to whether the burden is absorbed by the lodging facility or "forward-shifted" to the tenant does not affect its equitable nature. In Missoula, hotels and motels pay $195,790 in property taxes, but in our perspective, they impose many more costs than do other commercial or residential occupancies.

Hotels and motels create a high fire hazard 24 hours a day because they have high rates of occupancy throughout the day both for conventions and room occupancies. In addition, some of the most heinous crimes occur in hotels - Missoula's only homicide in 1987 occurred at a motel. Hotels and motels are also often regarded as havens for drug transactions.

The lodging facility tax has proven to be a popular local tax throughout the nation and allowing a local option add on will help local governments cope with the added costs of increased tourism while providing for local revenue diversification and property tax relief as anticipated at the 1972 Constitutional Convention. The City of Missoula strongly supports HB256 and respectfully urges your concurrence.

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[1] John H. Bowman and John L. Mikesell, *Local Government Tax Authority and Use*, (Washington, D.C.: National League of Cities, 1987), p. 96.

[2] ibid., pgs. 121-123.

Some Specifics

With the foregoing caveat in mind, some specifics of local selective sales taxes are presented. First, a state-by-state overview is provided for all seven selective sales taxes enumerated here (Table V-1). Then seven tables (V-2 through V-8) present several basic pieces of information on the seven taxes. Notes to each table provide additional available information specific to each state. In many instances, however, it has not been possible to tie down the specifics, and the remaining uncertainty is reflected in the tables and the notes to them. Because of the considerable differences among the states, however, the text discussion of these taxes is kept brief.

Overview. Local taxes on transient lodging are found in more states than any other enumerated selective sales tax (43 states), followed by taxes on utility services (33), amusement admissions (20), restaurant meals and alcoholic beverages (17 each), gasoline (15), and cigarettes (8). These counts from Table V-1, however, do not distinguish between states in which a tax is used extensively and those in which it is authorized but not used. Moreover, the counts probably are low. It is likely that some cases where a particular selective sales tax is not prohibited, and where broad local tax authority exists, have not been identified and listed as constituting authority for that particular tax. Given the general state of knowledge discussed above, it is even possible that some specific authorizations have been missed.

None of the selective sales taxes is authorized just for municipalities or just for counties. But, consistent with the revenue data presented earlier, selective sales taxes are authorized more often for municipalities ("M" or "Ct" designations in Table V-1) than for counties ("Co"). The only exception to this is gasoline taxes, which are authorized for counties in 12 states, for municipal units in nine, and for unspecified "local" units in another. The

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Table V-6a. Local Taxes on Transient Lodging

STATE Type of Government	Number of Units Authorized	Taxing	Revenue [$000] [1984-85]	Rate Limits	Actual Rates	Voter Approval Required
ALABAMA						
County	Some	6		None	1-4%	No
City	All	44		None	1-5% *	No
ALASKA**						
?	Some	3 *		5%	3-6%	
ARIZONA						
Municipal	*	21 *	8,172 *	None	1-4% *	Varies *
ARKANSAS						
City	1st class	5		1% or 2% *	1-2% *	Yes
CALIFORNIA**						
County	All				4-11% *	
City	All				*	
COLORADO						
Municipal *	Home rule	15		None	.9-4.6% *	Varies *
FLORIDA						
Resort tax						
County				2% *		
Tourism						
County	All	15 *		2%		
City	Some *			1%		
Convention						
County		3 *				
GEORGIA						
County	All	16	5,200	3%	3%	No
Municipal	All	46	10,328	3%	3%	No
IDAHO						
City	Resort *	5	220 *	None	1-4%	Yes *
ILLINOIS						
County	All			5% *		No
City	All	10		5% *	1-3% *	No
Other *	1	1			.94%	No
INDIANA**						
County	All	18			1-5% *	
IOWA						
County	All	1		7% *	7%	Yes
City	All	22		7% *	3-7%	Yes
KANSAS						
County	All	14	329 *	2% *	2-5% *	No
City	All	35	3,890 *	2% *	1-5% *	No
KENTUCKY						
County	Some *	1		3% *	4%	No
City	Some *			3%	2-3%	No
LOUISIANA						
Parish	Some *				2-10%	Yes
MARYLAND						
County	9	7		Various *	1-7% *	

Table V-6a. Continued.

STATE Type of Government	Number of Units Author-ized	Taxing	Revenue [$000] [1984-85]	Rate Limits	Actual Rates	Voter Approval Required
City	1	1		None	6%	
MASSACHUSETTS						
Municipal	All	75	24,400 *	4%	1.3-4% *	Yes
MICHIGAN						
County	Some *	7		1-5%	1-4%	Yes
MINNESOTA						
City	Some *	14		1.5-6%	1.5-5%	
MISSISSIPPI**						
County		5		*	1-3% *	No *
MISSOURI						
County	Some *	1 *				
City	Some *	2 *		3-3.75% *	3.5-3.75% *	Yes *
MONTANA**						
Municipal	Resort *			3%		Yes
NEBRASKA						
Local	Some *	Some *				
NEVADA**						
County	All *	All *		1%	1%	No*
City	All *	All *		1%	1%	No*
Town	All *	All *		1%	1%	No*
NEW JERSEY						
City	3	1		6-9%	5%	
NEW MEXICO**						
County	All			3%		No
City	All			3% or 5% *		No
NEW YORK						
County	9	9	4,713	1-3% *	1-3% *	No
City	3	3	26,438	1-3% *	1-3% *	No
NORTH CAROLINA						
County	4			Up to 5% *		No
Municipal	3			*		No
NORTH DAKOTA						
City		15		2%	2%	No
OHIO						
County	All	6		6% *	1-6%	
Municipal	All	11		6% *	3%	
Township	All	7		6% *	1-3%	
OKLAHOMA						
City	All		4,438 *	None		No
Town	All		*	None		No
OREGON						
City	Charter	50-60			5-9% *	
PENNSYLVANIA						
City *	1	1		3%	3%	
SOUTH DAKOTA						

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Table V-6a. Continued.

STATE Type of Government	Number of Units Author-ized	Taxing	Revenue [$000] [1984-85]	Rate Limits	Actual Rates	Voter Approval Required
Municipal	*	12		1-3%		
TENNESSEE						
County	Some *	24	*	3-5%	1.5-5% *	
City	Some *	*	*	3-5% *	*	
TEXAS						
County	Some	3	3,712	4-7% *	1-3% *	No
Municipal	All	235	83,498	7%	1-7% *	No
UTAH**						
County	All	29		3%	1.5-3% *	
VERMONT						
Municipal *	1	1		2%	2%	
VIRGINIA						
County	All	23		Gen. 2% *	Gen. 2% *	No
City	All	28			3-5% *	No
Town	All	11			Gen. 2% *	No
WASHINGTON**						
County	All	20		2%		
City	All	81		2%		
WEST VIRGINIA**						
County	*			3%		
Municipal	*			3%		
WISCONSIN						
City	All	39	*	None	2-7% *	
Village	All	11	*	None	2-7% *	
Town	All	18	*	None	2-7% *	
WYOMING						
County	All	3	*	1% or 2%		Yes
City	All	None		1% or 2%		Yes
Town	All	None		1% or 2%		Yes

* Footnotes are at end of table
** Survey not returned by state league

Table V-6b. Local Taxes on Transient Lodging

STATE Type of Government	Administration Govt. Level	State Charge	Vendor Compen-sation	Revenue Ear-marking	Intergovernmental Coordination
ALABAMA					
County	Differs *	Yes *		Optional	
City	Differs *	Yes *		Optional	
ALASKA**					
?					
ARIZONA					
Municipal	Local	na	None	No	Non-overlapping units
ARKANSAS					
City	Local	na		Yes *	Non-overlapping units
CALIFORNIA**					
County					No county tax inside
City					incorporated areas
COLORADO					
Municipal *	Local	na	Optional	Gen. no *	Non-overlapping units
FLORIDA					
Resort tax					
County	Local	na			Non-overlapping units
Tourism					
County					
City					
Convention					
County					
GEORGIA					
County			3%	Optional *	
Municipal			3%	Optional *	
IDAHO					
City					Non-overlapping units
ILLINOIS					
County	Local	na		Yes *	
City	Local	na		Yes *	
Other *	State			Yes *	
INDIANA**					
County	Differs *			Gen. no *	Non-overlapping units
IOWA					
County	State				No county tax inside
City	State				incorporated areas
KANSAS					
County	State	2%	None	Yes *	
City	State	2%	None	Yes *	
KENTUCKY					
County	Local	na	None	Yes *	No county tax inside
City	Local	na	None	Yes *	taxing city
LOUISIANA					
Parish	Local	na		Yes *	Non-overlapping units
MARYLAND					
County	Local	na		Some *	Counties and Balto.

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Table V-6b. Continued.

STATE Type of Government	Administration Govt. Level	State Charge	Vendor Compen-sation	Revenue Ear-marking	Intergovernmental Coordination
City	Local	na		No	City do not overlap
MASSACHUSETTS					
Municipal	State	None	None		Non-overlapping units; state base & admin.
MICHIGAN					
County	Local	na	None		Non-overlapping units
MINNESOTA					
City	State			Some *	Non-overlapping units
MISSISSIPPI**					
County	State *	3% *		Yes *	Non-overlapping units
MISSOURI					
County					
City				Yes *	
MONTANA**					
Municipal			5%	Yes *	Non-overlapping units
NEBRASKA					
Local					
NEVADA**					
County					
City					
Town					
NEW JERSEY					
City	Local	na			Non-overlapping units
NEW MEXICO**					
County	Local	na			No county tax inside incorporated areas
City	Local	na			
NEW YORK					
County	Local	na		Some *	
City	Local	na			
NORTH CAROLINA					
County	Local	na	1% *	Yes *	Non-overlapping units
Municipal	Local	na	*	Yes *	Various *
NORTH DAKOTA					
City	State *				Non-overlapping units
OHIO					
County	Local	na	None	Yes *	Yes *
Municipal	Local	na	None	Yes *	Yes *
Township	Local	na	None	Yes *	Yes *
OKLAHOMA					
City	Local	na		Optional	Non-overlapping units
Town	Local	na		Optional	Non-overlapping units
OREGON					
City				Some *	Non-overlapping units
PENNSYLVANIA					
City *					
SOUTH DAKOTA					

Table V-6b. Continued.

STATE Type of Government	Administration Govt. Level	State Charge	Vendor Compen-sation	Revenue Ear-marking	Intergovernmental Coordination
Municipal	State	Yes *	None	Yes *	Non-overlapping units
TENNESSEE					
County	Local	na		Some *	
City	Local	na		Some *	
TEXAS					
County	Local	na	1% *		
Municipal	Local	na	1% *		
UTAH**					
County	State	Yes *		Yes *	Non-overlapping units
VERMONT					
Municipal *	Local	na			Only one taxing unit
VIRGINIA					
County	Local	na	Optional	Optional	City and county do not
City	Local	na	Optional	Optional	overlap; no county
Town	Local	na	Optional	Optional	tax in taxing town
WASHINGTON**					
County				Yes *	County must credit tax
City				Yes *	of overlying city *
WEST VIRGINIA**					
County					No county tax inside
Municipal					municipal limits
WISCONSIN					
City	Local	na			Non-overlapping units
Village	Local	na			
Town	Local	na			
WYOMING					
County	State	1% *	None	Yes *	County tax precludes
City	State	1% *	None	Yes *	city or town tax;
Town	State	1% *	None	Yes *	revenues shared *

* Footnotes are on next page
** Survey not returned by state league

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Footnotes to Table V-6. Local Taxes on Transient Lodging

General: Transient lodging taxes are imposed at the local level in more states than any other local selective sales tax. Typically they are ad valorem, but in some instances they are a specific charge per night. In most states, the tax applies to the rental of hotel, motel, and similar rooms for a given number of consecutive days up to approximately one month. A few states list trailer courts, condominiums, dude ranches, and the like; where reported, such deviations from the norm are given below.

Alabama: Tax on rentals up to 30 days in establishments with at least five rental rooms; most common rate is 2%; in some units, administration is local, and in others the state administers.

Alaska: "Localities" can tax rentals under 31 days; only 3 city taxes given, but there may be others; maximum rate said to be 5%, but 6% rate reported for Skagway.

Arizona: Cities and towns (all?) can tax rentals under 31 days (information reported seems to be for cities); need for voter approval depends on charter provisions; in three units, tax is flat amount per room per night; revenue data is partial.

Arkansas: Maximum taxable rental period not reported; 1% maximum rate (2% if certain park facilities or historic properties are in city -- one of the five cities is at 2%); revenues for promotion of tourism and conventions by special commission, with majority from the taxed industry.

California: Tax on occupation of room 31 days or less; rate range given is for 1982, and does not distinguish by type of governmental unit.

Colorado: Transient lodging rentals included in local sales taxes; home-rule municipalities can levy additional tax on rentals under 30 days, generally at 2%; need for voter approval depends on charter provisions; earmarked for tourism in one city, convention center in another. (Bill authorizing county tax, earmarked for tourism promotion, awaiting governor's signature at time of survey.)

Florida: Fragmentary information on three local taxes. (1) Resort tax on trailer court as well as rooms; maximum taxable rental period not reported; maximum 3% (not 2%) if approved by referendum before 1/1/83. (2) Tourist development tax on rental or lease of accommodations in hotel, motel, condomimium, apartment, trailer court, recreational vehicle park, etc., for six months or less; can be adopted by any county with suitable plan for land and water management. (3) Convention development tax, for which almost not information is given.

Georgia: Tax on rental under 11 days; some localities have earmark proceeds for local convention bureau.

Idaho: "Resort cities" (population 10,000 or under, and heavily reliant upon tourism) can tax rentals under 31 days, if approved by 60% of those voting; FY 1986 revenue reported.

Footnotes to Table V-6. (Continued).

Illinois: Authorized for counties, cities, and Chicago World's Fair Authority (Cook County area); maximum taxable rental period not reported; 5% maximum rate (no maximum for 105 home-rule municipalities; three cities charge $.50 per room per day; earmarked for tourism (home-rule, too?).

Indiana: Tax on rentals under 30 days; most taxes authorized by special legislation; 3% and 5% most common rates; administration is local in two counties, state in 16; earmarked in Lake County (60% to medical center).

Iowa: Tax on rentals of 31 days or less; 7% maximum, no fractional rates.

Kansas: Tax on rentals under 29 days in establishments with more than eight rental rooms; home-rule units can exceed 2% maximum; 2% is by far the most common rate; earmarked for tourism and convention promotion; revenue figures for calendar 1985.

Kentucky: Tax on rent for each occupancy authorized for counties containing first class cities and for cities other than first class; earmarked for tourism and convention promotion and/or athletic stadium, except added 1% (above standard 3% maximum) of Lexington-Fayette County urban county government earmarked for State Center for the Arts Corporation.

Louisiana: By specific legislative authorization, some parishes can tax rentals under 30 days; proceeds for tourism and convention centers.

Maryland: By specific legislative authorization, Baltimore City (independent) and nine counties can tax rentals under seven days; no adoption in two counties with recent authorizations; no rate limit in Balitimore City and in three counties, limits of 1% to 10% (generally 3%) in six counties; in five counties, municipalities in county receive tax collected within their borders, less "reasonable" county administrative fee, but Annapolis (in Anne Arundel County) collects the county tax inside the city for itself; in two counties, revenue dedicated to tourism and convention activities.

Massachusetts: Municipal taxes authorized July 1985 on same base as state tax (also state administered); by time of survey, 75 municipalities had adopted at 1.3% to 4% rates, most at 4% maximum; 62 adopted in time to share in distribution for first half of FY 1987 which, doubled, gives the low estimate reported for whole of FY 1987.

Michigan: Certain counties (with population over 1.5 million, or under 600,000 but with city over 40,000) can tax rentals under 30 days.

Minnesota: By specific authorization, several cities can tax rentals under 30 days (under 28 in Duluth) at specified rates; most tax at their respective maxima; in most, revenue dedicated for tourism and convention promotion; Minneapolis has taxed transient accommodations since 1969 as part of a 3% entertainment tax, to which a new 2.5% lodging tax on rentals under 30 days in a hotel or motel having more than 50 rental rooms was added 2/1/87.

Mississippi: Fragmentary information (generally for two or three of five known taxing counties). Maximum taxable rental period unclear; in some counties, tax restricted to establishments with at least stated number of

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Footnotes to Table V-6.. (Continued).

rooms (e.g., 6 or 10) and/or at least certain minimum gross annual rent (e.g., $100,000); 2% maximum rate in two counties; actual rates in three counties 1% to 3%; voter approval not required unless called for by initiative petition; revenue for tourism and convention promotion.

Missouri: Fragmentary information. St. Louis City (independent) and St. Louis County authorized to tax at 3.75%, Kansas City at 3.5%; counties bordering lake with at least 110 miles of shoreline can tax at up to 3% rentals under 32 days per calendar quarter of houseboats and campground space, as well as rooms in motels, etc.; generally earmarked for convention and tourism activities (unclear for Kansas City); voter approval needed at least in lakeside counties.

Montana: "Resort" municipalities (population under 2,500 and heavily dependent on tourism-related businesses) can tax transient accommodations in hotels, motels, campgrounds, etc.; proceeds to go for property tax reduction.

Nebraska: Some localities apparently tax transient lodging; no details given.

Nevada: State mandates 1% tax for all counties, cities, and incoporated towns; not clear whether county tax applies in incorporated areas; maximum taxable days not reported; administering level of government not clear, but effect is same as state tax shared with localities on basis of origin.

New Jersey: Tax on transient accommodations part of Atlantic City "luxury" tax (also on admissions and alcoholic beverages, with different rates for different types of purchases); authorized at 9%, imposed at 5%; maximum taxable days not given. Similar tax authorized in Jersey City and Newark for hotels built on Port of New York and New Jersey land; no adoptions.

New Mexico: Local taxes authorized on rentals under 30 days of hotel, motel, rooming house, ranch resort, trailer court, etc., accommodations; maximum rate 3% (5% in municipality over 100,000 population in class A county or over 7,000 in first class county.

New York: Cities of Long Beach, New York, and Niagara Falls, and nine counties, can tax occupancy or right to occupy hotel and motel rooms, etc., for less than 180 days; New York City also has bracket system for flat, per-night tax based on room rent; some units earmark for convention and tourism activities; maximum rate, actual rate, and earmarking information not given by type of governmental unit.

North Carolina: Specific authorization for four counties, City of Raleigh in one of the four (Wake), and municipalities in a fifth (Catawba) provided in 1986; maximum taxable days not reported; earmarked for tourism development, beach erosion control, etc.; in Wake County, maximum rate is 3%, and Raleigh can adopt only that part of the 3% not imposed by county; in Catawba, Hickory and Conover must adopt jointly or not at all; county information on vendor compensation known only for Wake County.

North Dakota: Cities (all?) can tax rentals under one month; state administration, but home-rule cities can opt for local administration.

Footnotes to Table V-6. (Continued).

Ohio: All general-purpose units of government can tax rentals under 30 days; 6% maximum cumulative rate in any location; county adoption at this rate precludes municipal and township taxes, but up to one-third of the first 3% county levy goes to municipalities and townships of origin; at least half of municipal and township proceeds must go for convention and visitors' bureaus; for counties, first 3% levy is for convention and visitors' bureau, second 3% levy is for convention center construction.

Oklahoma: All cities and incorporated towns can tax transient accommodation rentals under general tax authority; voter approval, earmarking, state administration, etc., not mentioned--all appear to be local matters; fiscal 1986 revenue reported for cities and towns combined (number unknown).

Oregon: Charter cities with general tax authority can enact hotel-motel ("transient") taxes; exact information not available, but 50 to 60 cities have such taxes at rates of 5% to 9%; often, at least part of proceeds go for chamber of commerce and/or tourism promotion activities.

Pennsylvania: Only first class cities (Philadelphia) can tax transient accommodations; details other than rate not reported.

South Dakota: Municipalities (all?) authorized by 1983 legislation to tax rentals under 28 days of hotel, motel, campground, etc., accommodations; state administers, retains collection cost; net proceeds for building, acquiring, and/or operating civic center and/or athletic facility, and/or for promotion of municipality.

Tennessee: Counties with metropolitan government, and municipalities and counties with special authorization, can tax rentals under 30 days; "a handful of cities" said to tax at unknown rates (municipal data sparse); Nashville-Davidson County in county data at 4%; most common county rates are 5% (11) and 3% (10); total revenue estimated at $10-15 million (year not given); one of four percentage-points authorized for metropolitan government must go to convention center; for others, most said to earmark for tourism.

Texas: Taxes on transient lodging authorized on gross receipts from rental and (for all taxing units?) $2 per day; maximum taxable days not reported; county maximum tax is 4% in counties with no incorporated municipalities, 7% is selected larger and border counties; most common city rates are 4% (98) and 7% (69); 1% vendor compensation optional with local unit.

Utah: Tax authorized on rentals under 30 days; 27 levy at 3% maximum, two at 1.5%; state charges up to 2.4% of taxes collected for administration; revenues earmarked for recreation, tourism, and convention bureaus.

Vermont: By charter provision, Burlington taxes receipts from rental of sleeping accommodations and "from incidental activities such as hosting conventions or business meetings."

Virginia: All general-purpose local governments can tax rentals under 30 days; some counties have grandfathered rates above 2% maximum; most counties and towns at 2%, most cities at 3% to 5%.

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FootNotes to Table V-6. (Continued).

Washington: Tax authorized on rentals under one month of hotel, motel, rooming house, tourist court, and trailer camp accommodations; county must credit city tax, unless county issued convention or stadium bonds before 6/2/75; proceeds earmarked for acquisition, construction, and/or operation of public stadium or convention facility.

West Virginia: State authorized counties and municipalities (all?) in 1985 to tax transient accommodations; adoptions and other details not reported.

Wisconsin: Tax authorized for rentals under one month; total revenue for all taxing units in 1985 (calendar or fiscal?) about $10 million.

Wyoming: Tax authorized in 1986 for rentals under 30 days of accommodations in hotel, motel, tourist court, trailer park, campground, due ranch, condomimium, etc., at either 1% or 2%; county adoption at either rate precludes city or town tax; if countywide tax, distribution among cities, towns, and county by point of collection; state charges 1% (2% first year) to administer; at least 90% of net proceeds to go for travel and tourism promotion; no full-year collections yet.

Source: See discussion of survey sources, Chapter I.

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THE CITY OF BOZEMAN

411 E. MAIN ST. P.O. BOX 640 PHONE (406) 586-3321
BOZEMAN, MONTANA 59771-0640

February 10, 1989

Rep. Dan Harrington
Chairman
House Taxation Committee
Capitol Station
Helena, Montana 59620

Dear Rep. Harrington:

Please give favorable consideration to HB256, which provides for a Local Option Lodging Facility Use Tax.

The City of Bozeman experiences impacts from tourists, without any contribution by them to general services such as police, fire, etc., except through gax taxes--which may not be used for these services.

The requirement of an annual re-authorization of this tax will cause the proceeds to be used for operational expenses associated with the impacts of the traveling public. No long-term indebtedness can be anticipated with a year-to-year re-authorization of funding.

In recent travels to California, Oregon, Colorado and Arizona, it has been noted that lodging taxes exceed the total amount possible (6 percent) that people touring Montana would pay.

Thank you for your positive vote on HB256.

Sincerely,

Alfred M. Stiff

ALFRED M. STIFF
Mayor

AMS:rs

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL NO. HB 479 DATE February 10, 1989

SPONSOR Rep. Kelly Addy

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Al Stiff	Bozeman	X	
F.H. Buck Boles	MT CHAMBER HELENA		X
~~Bob Heiser~~	~~UFCW~~		
Mike Mathew	Yellowstone Co. Comm	X	
Sam Bryan	Helena		X
Earl Reilly	Helena		✓
Duane Loken	Billings	X	
Valerie Larson	Farm Bureau Choteau	X	
Dwight MacKay	Yellowstone Co.	✓	
Dennis Burr	Clancy		✓
Morris Jr	MACo	✓	
Greg Bryan	WhiteFish		X
Jim Van Arsdale	Billings	✓	
Alan Tandy	Billings	✓	
[illegible]	Kalispell		X
~~[illegible]~~	~~Helena~~		
John MacMartin	Billings	X	
Don Judge	MT STATE AFL-CIO	Amend ✓	
Chuck Stearns	City of Missoula	✓	
Jim Wysocki	Bozeman City of	X	
Mike Vivian	Great Falls " " "	X	

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

Gene Vuckovich — Anaconda/Deer Lodge — X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Louis Shadoan — Bozeman Chamber — X

[illegible] — [illegible]

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL NO. HB 256 DATE February 10, 1989

SPONSOR Rep. Ben Cohen

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
F.H. BUCK BOLES	MT. CHAMBER HELENA		X
Sam Ryan	Helena		X
Earl C. [illegible]	✓		X
Charley [illegible]	Missoula	—	—
Dennis Burr	Clancy		✓
Greg Bryan	Whitefish		X
Jerry McRae	Kalispell		X
~~Buck Boles~~	~~Helena~~		~~X~~
Jim Wysocki	Bozeman	X	
Chuck Stearns	City of Missoula	X	
Al Stiff	City of Bozeman	X	
Edward L. [illegible]	MCPFF MSFA	X	
[redacted]	[redacted]		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.