

## MINUTES

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

#### COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on February 17, 1989, at 9:00 a.m.

#### ROLL CALL

Members Present: 15

Members Excused: 2

Members Absent: 1

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: Documents were distributed from Nancy Keenan, Superintendent of Schools, citing the fiscal impact on education of the bills considered by the Taxation Committee. (Exhibit 1).

#### HEARING ON HOUSE BILL 589

#### Presentation and Opening Statement by Sponsor:

Rep. Robert Hoffman, District 74, stated HB 589 is a bill to tax resort areas. He stated this expands the existing resort tax law that is currently in effect in West Yellowstone. Rep. Hoffman stated the bill defines resort communities and resort areas, specifically the community is an incorporated area and the resort area has specific borders that are well defined. He said the tax rate, the duration of the tax, the effective date, and the purpose for which the revenue will be used must be clearly stated in the petition to establish a resort area. Also, at least 15% of the people must sign the petition and the area involved must be clearly described. Rep. Hoffman stated the rate would not be higher than 3%, the tax would apply to all goods and services and the types of establishments that would impose the taxes would be clearly defined.

#### Testifying Proponents and Who They Represent:

Joel Shouse, Big Sky Owner's Association, Inc.  
Chuck Sterns, Finance Director and City Clerk, Missoula  
Michael Scholz, Lodge Owner, Big Sky  
Gordon Morris, Association of Counties  
Alex Hanson, League of Cities and Towns  
Bob Bregerstoff, Big Sky  
Bob Donovan, Country Store Owner, Big Sky

Proponent Testimony:

Joel Shouse spoke in support of the bill. (Exhibit 2).

Chuck Stearns stated this tax would provide property tax relief and help offset costs imposed by resort activity on local governments. He submitted a document citing relevant information. (Exhibit 2). Mr. Stearns urged support of the bill.

Mike Sholz stated the bill was vital for economic growth of the Big Sky community. He stated the costs of increased services during tourist seasons needs assistance by sharing costs, rather than local government carrying the entire burden. Mr. Sholz said the resort business is very competitive and this user oriented tax would be good for the community as well as the property owners. He urged support of the bill.

Gordon Morris urged support of the bill and stated all the county commissioners throughout the state concurred.

Alec Hanson stated this bill is a reasonable expansion of the existing authority to impose resort taxes. He stated the West Yellowstone tax is working very well. Mr. Hanson said the state spends 4.5 million dollars to promote tourism and needs a user tax in this area. He said 5% of the tax will go to reduce mill levies and these levies are higher in resort towns. He stated tourism puts pressure on local services and those who receive the services should pay the costs. He urged support of the bill.

Bob Bregerstoff stated tourism is a big part of the state's economy and is the economy of Big Sky. He stated this tax is to enable the resort areas that are unincorporated to impose this tax if they wish to do so. Mr. Bregerstoff stated the local communities need assistance with the increasing costs of tourism.

Bob Donovan stated it is very important to provide quality services but this can be difficult for an area with very small resources. He said a tax based on users is a sound idea and would certainly help local economies and assist with the costs of services. He urged support of the bill.

Testifying Opponents and Who They Represent:

Al Dunahue, Heritage Inn Owner, Great Falls  
Don Judge, AFL-CIO  
Greg Bryan, Montana Innkeepers Association

Opponent Testimony:

Al Dunahue stated this was not a resort tax but a local

option tax. He stated the bed tax currently in effect was passed last session but this tax would not be in existence if not for the lodging industry who suggested it. He stated perhaps this had been a mistake since it was done over the objections of some innkeepers who feared that once this tax was in place, it would continually increase which is now the case. Mr. Dunahue stated this is a sales tax of 3% and added to the present 4% tax, would be 7%. He said this bill will impact every community in the state that receives a substantial part of their income from recreation services. Mr. Dunahue stated the bill has vague definitions of luxury items and impacts hotels, motels, bars and restaurants but excludes department stores, grocery stores, drugstores, etc. Mr. Dunahue urged a DO NOT PASS on the bill.

Don Judge stated this is a sales tax and it is not based on the ability to pay. He stated this is an unfair tax aimed primarily at the innkeeper industry. He urged opposition to the bill. Mr. Judge submitted a letter from James W. Murray in opposition to the bill. (Exhibit 4).

Greg Bryan stated this is a local option tax for all communities. He said there are some beneficial items in the bill and Big Sky does have some unique problems. He encouraged the committee to look at these problems and to address the entire situation but to seek another solution rather than HB 589.

Questions From Committee Members: Rep. Rehberg stated a section of the bill that allows the reduction of the tax levy and states the county commissioners shall establish a property tax relief fund and any excess in anticipated revenue must be placed in the fund. He asked Gordon Morris if this language was in the current law. Mr. Morris replied this was a new section and there was nothing comparable in existing law. Rep. Rehberg then asked Mr. Morris if it was not correct that this fund could wipe out property taxes entirely in the Big Sky area according to this new law. Mr. Morris stated this was correct. Rep. Rehberg then asked if it would not be correct that there are many property owners in the area that have nothing to do with the tourism industry who then would not be paying their fair share of taxes. Mr. Morris replied this would be correct but that would be a decision contained within the framework of the petition that was drawn and the creation of the district. Rep. Rehberg then asked Mr. Morris if the Association of Counties would be opposed to limiting this to unincorporated areas. Mr. Morris replied they would not. Rep. Rehberg then asked Mr. Sterns if he anticipated money from this tax to be used for law enforcement outside of the area. Mr. Sterns replied the only requirement is 5% of the resort tax goes to reduce property taxes. He said this would be a local decision as to how the remaining proceeds would be used.

Rep. O'Keefe asked Alec Hanson if the tax would primarily go to communities to offset service costs only. He asked if this would not be more palatable if 10% went to the state to offset services to these communities. Mr. Hanson replied that the question seems to be between what is incorporated and what is not. He stated West Yellowstone is incorporated. The unincorporated section of the bill is the new addition. He stated the purpose of the bill was to make some connection between the services received and the cost that is paid. Rep. O'Keefe then stated that other residents of the state will pay these taxes who are outside the unincorporated areas. Mr. Hanson answered that the state, with the exception of West Yellowstone, is the only beneficiary from the travel business at present. Since the state does benefit, it should pay some of the costs provided by the communities.

Rep. Raney stated that the word "substantial" in the bill makes this a statewide local option tax. He asked Mr. Hanson who determines what is substantial. Mr. Hanson responded he believed this was the voters. He said the people will have to look at their own communities and decided if this will work for them. He stated the reason for changing "major" to "substantial" was because under the definition of "major", many towns and cities in the state could not qualify. He stated this type of narrow definition precludes economic development.

Rep. Patterson cited page 2, line 20, which refers to "worker business." He stated that in Billings, many people travel through there and there are many truck stops, large number of motels, airport, etc., and many out of state people stay there. Could Billings qualify as a resort community. Mr. Hanson answered this is intended for tourism only, not for business travelers or truck drivers.

Rep. Ream asked about section 3, lines 19 to 21, that discusses taxes on retail value of all goods and services sold in resort communities. Is the tax imposed on all of the businesses listed in this section. Mr. Hanson responded that is correct but the communities decided what would be taxed through public meetings. Rep. Ream then referred to section 6 that provides for property tax relief. He said this section states at least 5% but there is no upper limit. Mr. Hanson replied this is true but it is not the purpose of the bill. This is to give the cities some authority to develop their communities.

Closing by Sponsor: Rep. Hoffman thanked the people who traveled to the meeting to testify. He stated their comments indicated the need for the bill. Rep. Hoffman said resort communities need this bill if they are to compete with other areas of the country for tourism. The services provided and required need to be funded but this is the option of the

local community. The bill does not mean that everyone will exercise this option. He urged the committee to support the bill.

DISPOSITION OF HOUSE BILL 589

Motion: None

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: None. HB 589 will be considered in a later executive session.

ADJOURNMENT

Adjournment At: 10:16 a.m.

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

DH/lj

4115.min

# DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date February 17, 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	✓		

SENATE TAXATION

As of February 10, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT

Heard	Bill #	Title	State Funds for Schools FY90	FY91	Local Schools FY90	FY91	Total Education Impact FY90	FY91
1/11	SB2	Clears up 105 interpretation (In Committee)			7,689,000	7,689,000	7,689,000	7,689,000
1/10	SB65	Similar to SB2 (In Committee)			7,689,000	7,689,000	7,689,000	7,689,000
TOTAL:			-0-	-0-	15,378,000	15,378,000	15,378,000	15,378,000

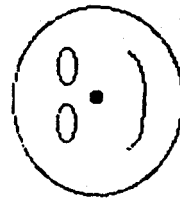
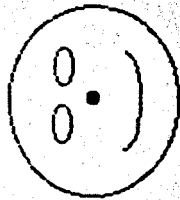


EXHIBIT 1  
DATE 2/17/89  
HB 217

## SENATE TAXATION

As of February 10, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT

EXHIBIT

DATE 2/17/89

HB

N/A

Heard	Bill #	Title	State Funds for Schools FY90	FY91	Local Schools FY90	FY91	Total Education Impact FY90	FY91
1/12	SB11	Private coal royalty to be saved as federal and state (In Committee) (Transmitted to House)	(61,000)	(61,000)	-0-	-0-	(61,000)	(61,000)
1/5	SB17	Property tax less on old cars (Passed Senate; in House 1/11)	(33,000)	(33,000)	(59,000)	(59,000)	(92,000)	(92,000)
1/9	SB50	Refund property tax if proprietor moves out of state (Tabled 1/11)			no fiscal information		no fiscal information	
1/16	SB90	Repeals an unconstitutional bill (Passed out of Committee 1/16) (Transmitted to House 1/20)			no fiscal information		no fiscal information	
1/19	SB97	Exempting certain class 14 property and additions or expansions to class 14 & 4 (In Committee)	(224,000)	(454,000)	(470,000)	(950,000)	(694,000)	(1,404,000)
1/24	SB118	Revise property tax protest laws (Passed out of Committee)			no fiscal information		no fiscal information	
1/25	SB137	Election to forego carryback of NOL's of corporations (Committee Report---do pass) (Transmitted to House)			no fiscal information		no fiscal information	
1/25	SB1842	Eliminate tax on livestock and agricultural products (Passed out of Committee)	(1,030,000)	(992,000)	(1,689,000)	(1,627,000)	(2,719,000)	(2,619,000)
2/1	SB220	Discount for payment of entire property tax bill in November (Amended and passed out of Committee)	(2,746,000)	(2,770,000)	(6,896,000)	(6,896,000)	(9,642,000)	(9,666,000)
2/2	SB230	Allow property taxes to be paid in monthly installments (In Committee)			no fiscal note		no fiscal note	
2/2	SB282	Credit for employer payment of employee dependent care assistance (In Senate - 2nd reading 2/9)	-0-	(826,000)	-0-	-0-	-0-	(826,000)
2/9	SB339	Individual income tax changes and tax changes for subchapter S corporations (In Committee)			no fiscal note		no fiscal note	



Heard	Bill #	Title	State Funds for Schools FY90	FY91	Local Schools FY90	FY91	Total Education Impact FY90	FY91
2/1	HB4	Lowers tax for some coal	(6,000)	(14,000)			(6,000)	(14,000)
		TOTAL	(4,100,000)	(5,150,000)	(9,114,000)	(9,572,000)	(13,214,000)	(14,682,000)

1 (Approximately 3.8% of coal tax royalties go to foundation program)  
 2 (Due to retroactive date, local school district revenues will be reduced by \$552,000 in FY 89)

\* at 1.9m/mill  
 \* at 2.3m/1% general income tax charge

\*An additional 6.9547 mills  
 \*An additional 7.7274 mills  
 necessary to offset this loss or 5.75% loss or 6.38% income tax surcharge

## HOUSE TAXATION

As of February 10, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT

EXHIBIT

DATE 2/17/89

Heard	Bill #	Title	State Funds for Schools FY90	Local Schools FY91	HB FY91	Notes Education Impact FY91
1/12	HB41	Lowers tax for some coal (Will act on 1/18) (Transmitted to Senate)	(6,000)	-0-	-0-	(6,000) (14,000)
1/10	HB10	Oil tax cuts education trust fund (Tabled 1/11)				no fiscal note
1/4	HB15	Exempt motorboats 5 HP or less (Tabled 1/12)	(9,000)	(9,000)	(14,000)	(23,000) (23,000)
1/4	HB30	Changing tax on "old vehicles" (Being held)				no fiscal information
1/11	HB35	Change personal property assessment tax on livestock, "coal & oil hauling trucks," etc. (Still in Committee)	(31,000)	(31,000)	(62,000)	(93,000) (93,000)
1/13	HB90	Exempt trucks, etc. from property tax (Amended for recreational & comm.) (Passed out of Committee 1/17) (Referred to S Agriculture)	(16,000)	(16,000)	(28,000)	(44,000) (44,000)
1/17	HB95	Exempt lottery prizes from state income tax (Adverse Committee Report)	(27,000)	(108,000)	-0-	(27,000) (108,000)
1/24	HB181	Method to appropriate coal tax proceeds to public school trust fund (In Committee)				no fiscal note
1/31	HB208	Prepayment of property taxes by hard-rock mine exploration developers. (In Committee)				no fiscal note
1/26	HB280	Revising definition of "income" to increase property tax relief (In Committee)	(141,000)	(286,000)	(598,000)	(384,000) (884,000)
2/2	HB293	Credit for household and dependent care based on I.R.C. (In Committee)	(690,000)	(724,000)	-0-	(690,000) (724,000)
2/2	HB451	Standard deduction in addition to deduction for house and dependent care. (In Committee)	(50,000)	(50,000)	-0-	(50,000) (50,000)

## HOUSE TAXATION

As of February 10, 1989

## NANCY KEENAN OPI SCHOOL IMPACT REPORT

Page 2

Heard	Bill #	Title	State Funds for Schools FY90	FY91	Local Schools FY90	FY91	Total Education Impact FY90	FY91
2/7	HB4152	Exempt hand-held tools, etc., from property taxation (in Committee)	(223,000)	(223,000)	(609,000)	(609,000)	(832,000)	(832,000)
2/1	SB17	Property tax less on old cars (in Committee)	(33,000)	(33,000)	(59,000)	(59,000)	(92,000)	(92,000)
		TOTAL	(1,226,000)	(1,494,000)	(1,015,000)	(1,370,000)	(2,241,000)	(2,864,000)

\*An additional 1.1795 mills necessary to offset this loss or .97% income tax surcharge.

\*An additional 1.5074 mills necessary to offset this loss or 1.25% income tax surcharge.

1 (87,096) in 92; (44,916) in 93

2 Retroactive date reduces FY89 state funds for schools by 223,000 and local school district revenue by 608,000.

\* at 1.9m/mill  
at 2.3m/1% general income tax charge



## HOUSE TAXATION

As of February 10, 1989  
NANCY KEENAN DPI SCHOOL IMPACT REPORT

EXHIBIT  
DATE 2/17/89  
HB N/A

Heard	Bill #	Title	State Funds for Schools FY90	FY91	Local Schools FY90	FY91	Total Education Impact FY90	FY91
1/12	HB55	Estimation of unclaimed property assessments (Transmitted to Senate)					no fiscal information	
1/20	HB125	Revise property tax freeze-inflation, mandated costs, voted charge (In Committee)	5,533,000	11,537,000	11,804,000	24,612,000	17,337,000	36,149,000
2/3	HB236 <sup>1</sup>	Amending constitution to dedicate 7.5% of coal severance tax to public school fund (In Committee)	-0-	-0-	-0-	-0-	-0-	-0-
2/3	HB435	Allow county electors to remove tax freeze for taxing units in county. (In Committee)					no fiscal note	
2/9	HB494	Raising smokeless tobacco tax to aid school foundation program	724,000	809,000	-0-	-0-	724,000	809,000
		TOTAL:	6,257,000	12,346,000	11,804,000	24,612,000	18,061,000	36,958,000

<sup>1</sup>In FY92, the foundation program would receive 95% of the interest earned on the investment of the dedicated amount.

EXHIBIT 2  
DATE 2/17/89  
HB 589

**BIG SKY OWNERS ASSOCIATION, INC.**

*Rep. R. Haffner*

February 16, 1989

House Taxation Committee  
% Dan Harrington, Chairman  
Montana State Legislature  
Capitol Station  
Helena, Montana 59620

Re: HB 589

Dear Committee Members:

The Big Sky Owners Association wishes to go on record in support of HB 589. At the annual meeting of our Association last September the membership voted to support legislation to provide for the creation of resort tax districts which would allow the taxing of goods and services utilized by visitors to resort communities in order to partially offset the costs of providing facilities and services which serve these visitors.

Big Sky is truly a resort community. According to figures compiled by the Big Sky Resort Association we have 384 hotel and motel rooms plus 270 condominium units which are available for rent through rental management agencies, or a total of 654 rental units available for visitors. This is in contrast to 134 homes and 408 condominiums units or a total of 542 units which are not professionally managed. However, a number of these units are privately rented by the individual owners.

Of the Big Sky Owners Association annual budget of \$215,000, over \$76,000 is spent on items which directly benefit visitors. This includes \$10,400 a year to assist in buying additional law enforcement for the community, \$8,500 to support a shuttle bus transit system, \$53,000 for snow removal and maintenance of our "public" streets, \$2,000 in operating costs for our television translators, and \$2,500 so that we can have a post office. Added to these figures can be contributions from Big Sky, Inc., of \$10,400 for law enforcement and over \$10,000 for the transit system. Not included in these figures are costs to our owners of Rural Improvement Districts which paved some of our streets and constructed and operate our sewage collection and treatment facilities and costs associated with our rural fire department. We have also identified a number of other community facilities and services which are needed at Big Sky but we simply cannot afford them with our present system of funding.

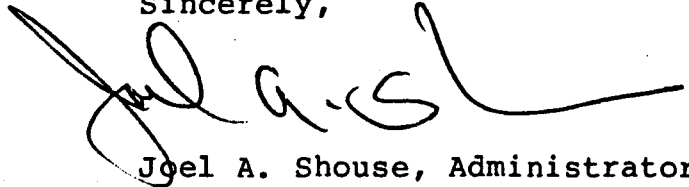
EXHIBIT 2  
DATE 2/17/89  
HB 589  
*Rep. R. Hoffmann*

Page 2

We are pleased with the provisions contained in the HB 589 that makes the establishment of a resort district a local option. As such the creation of the district and the imposition of the tax can only be done if a majority of our local residents vote in support of it. What can be fairer than voting to tax ourselves?

In conclusion, we urge your support for this legislation which will provide us with another option for funding needed facilities and services to serve to visitors to our resort community.

Sincerely,



Joel A. Shouse, Administrator

for the,  
BOARD OF DIRECTORS  
BIG SKY OWNERS ASSOCIATION

JAS/as

second overall and for municipalities. Income taxes are the largest non-property tax source for cities with populations of 300,000 or over, however. While local general sales taxes are most often administered in conjunction with the similar state tax, local income taxes typically are not state administered. Local sales tax revenues are both more frequently shared by formula among localities and more frequently earmarked to support specific functions than are local income tax revenues. For counties, selective sales taxes are the second-largest nonproperty tax source (3.1% of total taxes). These provide an even larger percentage of municipal tax revenue (10%), but still rank third in importance for municipalities.

Data on local selective sales taxes are quite incomplete. 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). In many states, more than one type of local unit can levy the same type of tax. Cigarette tax authorizations are rather even for municipalities and counties. Otherwise, except for gasoline taxes, selective sales taxes are authorized more often for municipalities than for counties.

Public utility taxes account for over 60% of all selective sales tax revenue for all local governments and for municipalities, but only 30% for counties. Standard data sources do not report revenues separately for some of these taxes, though, including the most common one, that on transient lodging.

Source: John H. Bowman & John L. Mikesell, Local Government Tax Authority and Use, (Washington, D.C., National League of Cities, 1987), pages iii, 90-91.

EBIT 2/17/89  
DATE 2/17/89  
HB  
Rep. R. P. Thompson

Table V-1. Continued.

STATE	Utility	Gasoline	Cigarette	Alcohol	Lodging	Meals	Admissions
ALABAMA	M	M:Co	M:Co	M:Co	M:Co	M	M
ALASKA**					L		
ARIZONA	M				M	M	L
ARKANSAS	M			M:Co	M	M	L
CALIFORNIA**	M:Co	M:Co			M:Co		
COLORADO	M		M		M	M	M
CONNECTICUT							
DELAWARE**	M						
FLORIDA	M:Co	Co			M:Co	M	
GEORGIA				L	M:Co		
HAWAII**	Co	Co					
IDAHO	M:Co			M	M		
ILLINOIS	M	M:Co	M:Co	M:Co	M:Co	M:Co	M:Co
INDIANA**				Co	Co	Co	
IOWA	M				M:Co		
KANSAS	M				M:Co		
KENTUCKY	SD			L	M:Co	M	
LOUISIANA	M:Co			M:Co	Co		M
MAINE							
MARYLAND	M:Co			Co	M:Co	M:Co	M:Co
MASSACHUSETTS					M		
MICHIGAN	M				Co		
MINNESOTA	M:Co			M	M	M	M
MISSISSIPPI**	M	Co			Co	Co	
MISSOURI	M:Co		M:Co		M:Co		
MONTANA**		Co		M	M	M	
NEBRASKA	M				L		
NEVADA**	Co	Co			M:Co		

STATE	Utility	Gasoline	Cigarette	Alcohol	Lodging	Meals	Admissions
NEW HAMPSHIRE							
NEW JERSEY							
NEW MEXICO**		M:Co			M:Co		M
NEW YORK	M:Co	M	M		M:Co	M:Co	M
NORTH CAROLINA							
NORTH DAKOTA	M:Co						
OHIO	Co	Co			M:Co		M
OKLAHOMA	M:Co	L			M:Co	M	M
OREGON	M:Co	M:Co			M	M	M
PENNSYLVANIA							M:SD
RHODE ISLAND	M						
SOUTH CAROLINA	M						
SOUTH DAKOTA	M:Co	M:Co			M:Co		M
TENNESSEE							
TEXAS	M						
UTAH**	M:Co				Co		
VERMONT							
VIRGINIA	M:Co	M:Co			M:Co	M	M:Co
WASHINGTON**							M:Co
WEST VIRGINIA**	M						
WISCONSIN							
WYOMING	M				M:Co	M	M
Number	33	15	8	17	43	17	20

M - denotes that at least some municipalities are authorized to use the tax in the respective state.  
Co - denotes that at least some counties are authorized to use the tax in the respective state.  
\*\* - denotes authors had to search out data; survey not returned by state league.





JAMES W. MURRY  
EXECUTIVE SECRETARY

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

EXHIBIT 7  
DATE 2/17/89  
HB 589  
*Rep. R. Hoffman*  
(406) 442-1708

February 17, 1989

The Honorable Dan Harrington, Chairman  
Taxation Committee  
Montana House of Representatives  
Capitol Station  
Helena, Montana 59620

Dear Dan:

Because of the conflicting hearings held during the rush to transmittal deadline, I am not able to join you for the hearing today on House Bill 589. This letter is to convey the opposition of the Montana State AFL-CIO to this legislation.

Our labor federation's opposition to a sales tax, in any form, is well known. No matter how you dress it up, a sales tax is regressive. It places an unfair burden on those least able to pay, those at the bottom rung of the economic spectrum.

House Bill 589 seeks to expand the resort tax to incorporated areas larger than the present population restriction of 2,500 and to unincorporated areas. It also allows imposition of this tax on areas which derive a "substantial" portion of their economic activity from the travel industry rather than the present requirement of "major" share. The resort tax is a sales tax, pure and simple, and we strongly oppose any expansion of it.

All taxes should be based on an individual or corporation's ability to pay. Montana's tax structure does not meet this criteria. A 1987 study of Montana's tax structure by the Montana Alliance for Progressive Policy clearly shows that those at the high end of the income scale pay a smaller percentage of their income in state taxes than middle and low income taxpayers.

In fact, this study showed those with incomes in excess of \$120,000 per year paid less than 4% of their income in property and income taxes while those earning \$10,000 to \$12,000 per year paid 5.56 percent. This is patently unfair, and the imposition of a sales tax like the resort tax only serves to magnify this unfairness.

We urge you to oppose House Bill 589.

Sincerely yours,

*[Signature]*  
James W. Murry, Executive Secretary  
Montana State AFL-CIO

cc: Members of the House Taxation Committee

Y.

COMMITTEE

DATE February 17, 1989

**SPONSOR**

NAME (please print)

## SUPPORT

**OPPOSE**

MICHAEL SCHOLZ

BIG SKY MOUNTAIN

✓

Bob Capperstaff

Big Sky, MT

✓

Joel Shouse

Bozeman, MT

✓

Gordon Morris

MA Co.

✓

Chuck Stearns

City of Missoula



Bob Donovan

Big Sky Mt

✓

all done here

## Great Falls

✓

M. Richardson

## Montana Inkeepers

✓

Don Judge

MT STATE AFL-CIO

X

4

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.