

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

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

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: Chairman Harrington reminded the visitors to please sign the register.

Rep. Jerry Driscoll asked for approval of a committee bill to place malting barley machinery in the classified property category to encourage the development of malting barley plants in the state. He stated there is currently a proposal by Budweiser to build a plant either in Billings or Butte. Rep. Driscoll stated this plant is worth fifty million dollars and their taxes would be approximately \$500,000.00 with this change in category. He said without the change, their taxes would be one and one-half million. Rep. Driscoll stated he needed a two-thirds vote of the committee to have this bill drafted and introduced into the house.

Rep. Gilbert stated he felt this area of new and expanding business is covered under a previous bill and this would be granting preferential treatment to one particular company. Rep. Driscoll replied this category change for the malting barley plant would not involve any loss of revenue since there are no plants currently in the state. He stated this means having a half million in revenue or not having these funds since the state would not be considered without the lowering of taxes for the plant by changing the category as suggested.

Rep. Hoffman stated the governor has made a proposal to bring all of the personal property down to 4% and asked Rep. Driscoll if this would not be just as satisfactory for the Budweiser people. Rep. Driscoll replied that there is a time limit of three to six weeks on the plant location decision and the governor's proposal will not be through the legislature and in effect in three to six weeks.

Rep. Raney asked if 3.8% would be satisfactory for this. Rep. Driscoll stated he would have no objection. Rep. Raney then

asked Dave Bohyer if this would fit into commercial and residential categories. Mr. Bohyer replied there could be a problem because there may be personal property included in the plant and there is no personal property included in class 4 which is the residential and commercial category.

Rep. Driscoll stated the company would still pay 3.86% on their land and property.

Rep. Gilbert stated he would support the drafting of the bill.

The motion CARRIED by unanimous voice vote of the committee.

Chairman Harrington appointed a subcommittee for HB 15, HB 588, and HB 250 with Rep. O'Keefe as chairman, and Reps. Cohen and Good as additional members.

HEARING ON HOUSE BILL 586

Presentation and Opening Statement by Sponsor:

Rep. John Mercer, District 50, stated the bill provides some tax relief for fraternal organizations. He said current law provides that veteran's organizations whose facilities are used exclusively for educational or fraternal matters, are exempt but fraternal organizations that have restaurants or bars are not exempt. Rep. Mercer stated that fraternal organizations have facilities that are used extensively for community service. He suggested that the part of the lodge that deals with the food service and liquor would not be exempted but only the facilities that are used for public service.

Testifying Proponents and Who They Represent:

Larry Lee, President, Montana State Elks Association, Inc.
James H. McLuskie, Montana State Elks Association, Inc.
Martin Behner, Elks & Eagles Lodge, Missoula
Bob Harris, Elgate Lodge, Missoula
Robert Bell, University of Montana
George Poston, United Veterans of Montana

Proponent Testimony:

Larry Lee spoke in support of the bill. (Exhibit 1).

James McLuskie spoke in support of the bill. (Exhibit 2).

Martin Behner stated the fraternal lodges need assistance. He said they are in danger of losing their buildings because they cannot pay the taxes. The lodges have many community programs such as supporting scout troops and allowing various community organizations to use the lodge for meetings. The lodges do not charge for this service. He

urged support of the bill.

Bob Harris stated his lodge was losing membership and may have to give up their building. Mr. Harris said they also sponsor numerous community service programs and make their facilities available for community use without charge. He urged support of the bill.

Robert Bell stated he was representing the fraternities and sororities of the University of Montana. He stated they sympathized with the plight of the fraternal organizations since his organizations have some of the same problems. He suggested the bill be amended to include college fraternities and sororities since they also provide considerable community service and stress academic achievement. He submitted a document citing reasons for exempting college fraternal organizations. (Exhibit 3). He urged support of the bill.

George Poston stated the veteran's club houses have been excluded from the bill and he felt this was unfair since the veteran's organizations are non-profit and also provide many community services. He stated there could be legal action as a result of these clubs having to collect taxes. He urged support of the bill.

Testifying Opponents and Who They Represent:

Sharon Cleary, Montana Association of Realtors

Opponent Testimony:

Sharon Cleary stated that clarification of the definition of the term "fraternal organizations" may be necessary, however, current law exempts the property of these organizations from taxation unless they sell food and beverages under license of the state of Montana. Ms. Cleary stated this recognizes that organizations that compete with other community businesses in this area should not be granted an unfair competitive advantage such as the property tax exemption. She stated there should be an amendment to ensure that those organizations that provide food and beverages and do not rent or lease the property to another business, should be taxed as any other business is taxed. She urged the committee to oppose the bill.

Questions From Committee Members: None.

Closing by Sponsor: Rep. Mercer thanked the committee and the people who testified. He stated it was his understanding that the Elks Lodges had built up funds from gambling that was once legal in the state. These funds are gone now and they need assistance. He stated they provide many community services and allow the community to use their buildings free of charge. If they do not receive assistance, these

buildings may no longer be available. He urged support of the bill.

DISPOSITION OF HOUSE BILL 586

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken in a later executive session.

HEARING ON HOUSE BILL 625

Presentation and Opening Statement by Sponsor:

Rep. John Mercer, District 50, stated the United States Congress passed Senate Bill 555 which is the Indian Gaming Act concerning casino gambling that had been happening on various indian reservations. He said this concerned the Nevada gambling interests. Rep. Mercer stated they used their considerable lobbying interests to pass a federal law that states the only gambling allowed on indian reservations is whatever gambling is legal in the state and there must also be a contract entered into by the state and the tribal government. Without this contract, there would be no gambling at all on the reservation. Rep. Mercer said the concern is that the state receives a considerable amount of revenue from the video gambling machines. He said the federal law seems to indicate that the revenues that now go into local government will go to the tribal government. He stated there would be significant impact if this occurs. Rep. Mercer stated this bill would, in the event that an agreement is reached or there is no agreement, provide that the state would reimburse local governments for the monies they are losing as a result of the federal law. Rep. Mercer stated there was concern that if the local governments no longer receive these revenues, they may object to any agreements reached between the state and the tribal government. He said this bill would alleviate the problem. Rep. Mercer requested an amendment on line 24, page 1, to strike "absence of agreement." He stated this should be done because the tavern people in his area were concerned that if the local government is to get the money, they would have no incentive to enter into an agreement with the state. Rep. Mercer said this is a unique problem that only affects the reservation cities and counties, but this is a federal law being imposed for a problem non-existent in Montana and this would be extremely unfair for local governments to be penalized because of this law.

Testifying Proponents and Who They Represent:

Alec Hanson, League of Cities and Towns
Gordon Morris, Association of Counties

Proponent Testimony:

Alec Hanson submitted two documents to the committee detailing the state's cost of this legislation and the loss of municipal revenues resulting from the federal law. (Exhibits 4 and 5). He stated the League supports the bill in protecting the interests of those cities and towns located on indian reservations that could result in the loss of considerable revenue which could be disastrous for them. Mr. Hanson said it was fairly easy to estimate the costs for the cities but difficult to estimate the county costs. He stated the gambling revenue is critical to many of Montana's cities and towns and it is often the difference between a balanced budget and a financial emergency. Mr. Hanson stated the funds are very important to provide essential services without increasing property taxes. He urged support of the bill.

Gordon Morris stated he agreed with Mr. Hanson. He stated there are seventeen reservation counties in the state and this means a broad impact of revenue loss. He urged support of the bill.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Stang asked Alec Hanson where the money is coming from if not from the other counties that are not on indian reservations. Mr. Hanson replied that the state gets one third of the gambling funds which goes into the general fund. Under this bill, the distributions would be paid from that account.

Closing by Sponsor: Rep. Mercer stated that the formula that was devised for the calculations on the sheets submitted by Mr. Hanson may have been inaccurate. This may have to be adjusted on the reservation average. Rep. Mercer stated if there is to be gambling in Montana, all businesses and local governments should have equal treatment. He stated he would be willing to work with the committee on any amendments or suggestions they may have.

Chairman Harrington recognized Mr. Don Chambeau of the Ft. Belnap Indian Reservation who wished to comment. He stated that he was a councilman on the reservation and they were presently discussing agreements with the Department of Revenue on gambling, taxation and other items. He stated

there may be tribal agreements and he suggested the legislation should be held until these agreements can be settled.

DISPOSITION OF HOUSE BILL 625

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

HEARING ON SENATE BILL 90

Presentation and Opening Statement by Sponsor:

Senator Bob Brown, District 2, stated SB 90 was requested by the Department of Revenue. He stated that essentially, the bill relates to the taxation of banks. He said that a few years ago, the Bank Shares Tax was repealed which is essentially a property tax and encountered legal problems as a result. Senator Brown stated a lot of income for banks is generated by the U.S. Government and there has been a lot of litigation in this area of the law regarding whether or not the states can tax the federal government. He stated the bill repeals a section of the law that is now inoperative and unused and the banks are taxed without this part of the law.

Testifying Proponents and Who They Represent:

None.

Proponent Testimony:

None.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Raney asked Jerry Foster of the DOR if this section of the law was not used at all. Mr. Foster stated this is correct and that four years ago, a savings and loan challenged the taxation of U.S. obligations which was a major portion of the bank's interest. The court ruled this unconstitutional as it was considered an income tax by the court. The legislature then

passed the interest offset bill and this was challenged by the Burlington Northern Railroad. The Supreme Court again ruled this was unconstitutional but reversed the previous decision.

Closing by Sponsor: No further comment was made by Senator Brown.

DISPOSITION OF SENATE BILL 90

Motion: DO PASS by Rep. Gilbert.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: Motion CARRIED by a 17 to 18 voice vote with Rep. Raney voting no.

HEARING ON SENATE BILL 51

Presentation and Opening Statement by Sponsor:

Senator Joe Mazurek, District 23, stated SB 51 was requested by the Department of Revenue. He stated this bill is primarily a matter of convenience and essentially conforms Montana's filing requirements to federal law. Specifically, the submission of W-2s to employees, must be made by February 15 under Montana law but not until February 28 by federal law. Many employers do not realize this and are subject to a \$5.00 per W-2 fine. This bill would change the Montana date to February 28 also. Secondly, the bill relates to the information agent reporting requirements. These requirements were recently changed by federal law and this bill would make Montana's requirements the same.

Testifying Proponents and Who They Represent:

Jeff Miller, Department of Revenue

Proponent Testimony:

Jeff Miller stated the withholding is a real problem and taxpayers continually miss the deadline and there is no current provision for a time extension. He stated the best solution was to make the state's requirements the same as the federal.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Ellison stated that, as a farmer, he files his income tax by the first of March, and he receives income from the state also. He asked if he does not receive his W-2 until the 28th., how will he file his income tax. Rep. Mazurek replied if that is the case, the larger problem is that every employer who must submit these is caught in this area of different deadlines. Rep. Mazurek referred Rep. Ellison's question to Jeff Miller of the DOR. Mr. Miller replied it is not mandatory to wait until the 28th., the bill just supplies the option to do this. He stated the missed deadline is a big problem for the DOR. Rep. Ellison then stated it was still a problem for him if he does not receive his W-2 until the 28th. of February. He said he would not have time to complete his taxes and get them in by March 1.

Jeff Miller stated the bill is intended to assist employers and possibly this will result in problems for some taxpayers. He suggested filing estimated taxes if the W-2 is not received in time.

Closing by Sponsor: Senator Mazurek stated Rep. Ellison's question is one that should be considered but he felt there would be more employer's caught in this deadline date problem than farmers. He hoped the committee could reach a balance in this respect.

DISPOSITION OF SENATE BILL 51

Motion: DO PASS by Rep. Stang.

Discussion: Rep. Stang stated the federal law has been working and he did not see why there should be a problem for the farmers in Montana in this respect. Rep. Ellison stated the W-2 is a requirement for the income tax statement and if they are not sent out until the 28th. of February, no one will receive this in time. Rep. Stang stated there is no absolute requirement to attach the W-2 to the income tax form. He said if the W-2 has not been received, the taxpayer can attach a statement to the income tax form, estimate the taxes, and when the W-2 is received, if necessary, file an amended return. Rep. Driscoll stated the employers are fined for not sending in the W-2 report, not for delay in sending out the W-2s to employees so the February 15 date could be retained as the date the W-2 is due to the employee and the February 28 date could be the deadline for the report to the DOR which would be the same as the federal requirement.

Amendments, Discussion, and Votes: Rep. Driscoll made the motion TO AMEND SB 51, page 6, line 15 to strike 28 and insert 15. The amendment was CARRIED by unanimous voice vote.

Recommendation and Vote: Rep. Stang made the motion to DO PASS
AS AMENDED. The motion CARRIED by unanimous voice vote.

EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 589 HEARD ON FEBRUARY 17:

MOTION: DO PASS by Rep. Hoffman and DO PASS on suggested
amendments distributed to the committee. (Exhibits 6 & 7).

DISCUSSION: Rep. Hoffman stated the amendments required a
certain percentage of the registered voters to approve the
petition and that the governing body would be reimbursed for
their administrative costs. Also, the amendments restrict a
resort community to an area not over 4,500 people.

Chairman Harrington stated there could be additional amendments
and suggested HB 589 be held until these could be completed. The
committee concurred and Rep. Hoffman withdrew his DO PASS motion.

DISPOSITION OF HOUSE BILL 166 HEARD ON JANUARY 30:

MOTION: DO PASS by Rep. Good.

Rep. Good stated people caring for elderly relatives and their
own children need assistance in this area. HB 166 proposes a tax
exemption to provide for this assistance. This will enable
caregivers to keep elderly people at home as long as possible.
She stated the fiscal note was not entirely accurate and these
people need help other than nursing care which is less expensive
help. She stated the impact would actually be much lower. Rep.
Good submitted a fiscal note of her own showing these figures.
(Exhibit 8).

Rep. Ream asked about Medicaid eligibility of the people
involved. Rep. Good responded that the Medicaid patients are
those in nursing homes. She stated in her bill, the tax credit
is allowed on expenses not covered by any other insurance. She
stated she had based her assumption on 2400 people eligible for
Medicaid so the tax savings would be \$475,000.00.

The motion to DO PASS was carried by a unanimous voice vote.

DISPOSITION OF HOUSE BILL 586 HEARD ON MARCH 1:

Rep. Driscoll proposed an amendment to strike page 5, lines 6
through 15 in its entirety.

Rep. Cohen stated if funding was needed for local fraternal
organizations, the city council should provide this assistance.
He made the motion to DO NOT PASS.

Rep. Driscoll withdrew his amendment motion.

Rep. Rehberg stated all the fraternal organizations are going through the same problem. He said this was not just a local problem and the bill was worthy of serious consideration.

Chairman Harrington stated if Rep. Mercer wants to work out the problems in the bill and make amendments, he was willing to give him this opportunity if the committee concurred.

Rep. Cohen withdrew his motion and the committee concurred to hold HB 586 for further action.

DISPOSITION OF HOUSE BILL 280 HEARD ON JANUARY 26:

Rep. Raney proposed amendments to the bill. (Exhibit 9). Dave Bohyer explained that the amendments did two things. The bill applies to two property tax abatements for senior citizens or low income people. With the amendments, the abatement goes only to senior citizens and there is no phase-in but 25% of all pensions, annuities, and retirement income is excluded for the purpose of the credit to the elderly for the tax paid on their primary residence.

Chairman Harrington asked Rep. Raney what the fiscal impact of this would be. He replied he did not know.

Rep. Raney made the motion to DO PASS on the bill and the amendments. The amendments CARRIED by unanimous voice vote.

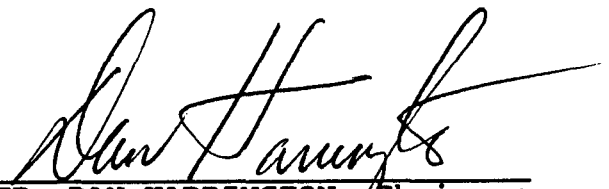
Rep. Raney withdrew his motion to DO PASS in order to request an amended fiscal note.

The committee concurred.

A report on the school impact of the current tax bills was submitted by Nancy Keenan's office. (Exhibit 10).

ADJOURNMENT

Adjournment At: 11:10 a.m.



REP. DAN HARRINGTON, Chairman

DH/lj

4815.min

DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date March 1, 1989

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

STANDING COMMITTEE REPORT

March 1, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that SENATE BILL 90 (blue reference copy) be concurred in .

Signed: _____
Dan Harrington, Chairman

[REP. B-L Sisk WILL CARRY THIS BILL ON THE HOUSE FLOOR.]

STANDING COMMITTEE REPORT

March 1, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that SENATE BILL 51 (blue reference copy) be concurred in as amended.

Signed: _____
Dan Harrington, Chairman

[REP. 11:00 AM WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Title, line 9.
Strike: "15-30-206,"
2. Page 6, lines 13 through 25.
Strike: section 3 in its entirety
Renumber: subsequent sections

STANDING COMMITTEE REPORT

March 1, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that HOUSE
BILL 166 (first reading copy -- white) do pass .

Signed: _____
Dan Harrington, Chairman

1988 ~ 1989 Officers

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Montana State Elks Association, Inc.

March 1, 1989

EXHIBIT
DATE 3/1/89
HB 586
Rep. John Mercer
John J. Gilligan, *Chairman*
412 24th St. N.
Great Falls, MT 59401
(406) 453-1036

Albert F. Sadorf
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Glendive, MT 59330
(406) 365-4157

Archie McPhail
Box 107
W. Springs, MT 59756
(406) 693-2209

State Representative Dan Harrington
Chairman of the House Taxation Committee:

My name is Larry O. Lee and I am the current President of the Montana State Elks Association. I would like to thank State Representative John Mercer, a Past Exalted Ruler from Polson Lodge 1695 and Mr. Menehan for sponsoring this House Bill 586.

In my role as State President of the Elks, My wife and I have visited each of our 27 Lodges from Plentywood to Hamilton and Libby to Hardin. In our travels across our expansive state, I have gained additional knowledge of the diverse geography of our state. As a Flathead Valley Native and life long resident, I can appreciate each state resident's special feeling for Montana. In my visits, I find that our membership average age is growing older; total membership shows a gradual decline and our lodge dues are increasing.

Our average Lodge in Montana has 800 members and charges \$55.00 for dues. These dues fund our share of the Grand Lodge, State Association and the charitable and fraternal work that our Lodges do.

Whether we speak of the Elks or the Eagles, the Moose, VFW, American Legion, the Masons, Knights of Pythias, Knights of Columbus, the Odd Fellows; the Grange and others; we all face a declining enrollment of total members and a steadily increasing average age of membership. Never the less, all of these organizations do a great amount of Charitable work with veterans, the needy, youngsters, senior citizens and scholarships for college. We all cherish our volunteer time that we give to others as a very sincere part of our citizenship.

For those organizations who have acquired buildings to carry on our charitable and fraternal work, we find ourselves in a position of jeopardy. Property taxes have increased to the point that nearly 15% of a lodge members dues go to pay the taxes.

House Bill 586, when passed by the Legislature and signed by Governor Stephens, would exempt those portions of Fraternal buildings used specifically for membership programs from taxation. The lounges and cafe portions of these facilities would still be subject to taxation.

Larry O. Lee
page 2
March 1, 1989

EXHIBIT 1
DATE 3/1/89
HB 586

Rep. John Mercer

Being a "non-profit" organization is a misnomer. While each of the fraternal organizations mentioned are considered non-profit; many pay real and personal property taxes on their holdings. Making a profit on ongoing activities by most of these organizations has been nearly impossible for several years. Fraternal organizations that operate lounges and cafes where the customer count is limited to members and occasional guests bring special concerns for managers and overseeing trustees. To break even before depreciation is considered, is is considered ok, but most organizations need to allocate and plan for replacement of furniture and fixtures.

It is our position that Fraternal organizations should be TAX EXEMPT on their membership portions of their properties and still pay taxes on the lounges and cafes. We feel that the monies spent for taxes can be multiplied many times over in the volunteer programs that each of the organizations do. In the end, the small amount of tax reduction would generate a much greater value to the communities.

I urge you to vote favorably on this bill and pass it on then to the full House of Representatives for their deliberation.

I would now like to introduce Past State President James H. McLuskie of Billings who will present testimony regarding Charitable work and volunteer efforts of the Elks Lodges in Montana

Thank You.



Larry O. Lee



EXHIBIT 2
DATE 3/1/89
HB 586
Rep. John Mercer

Montana State Elks Association, Inc.

Office of President - Past
JAMES H. McLUSKIE
3010 Fairway Drive
Billings, Montana 59101
House Bill No. 586

My name is James H. McLuskie, 3010 Fairway Drive, Billings, Montana and I am a Past State President of the Montana State Elks Association. I am Secretary of Billings Elks Lodge #394 and a member of the Grand Lodge Membership Committee.

When I became a State Elks Officer and traveled to the 27 Lodges in the State, I soon became aware that one of the major problems statewide was the amount of taxes paid by each Lodge. This made me curious as to what Elk Lodges in other States were doing, and in talking to PGER Frank Hise of Oregon, he advised me that in the States of Oregon, Washington, Texas and many other States, all benevolent, fraternal, non-profit organizations such as ours were tax exempt.

A survey made by Wade, Ash, Woods, Hill and Guthery, Attorneys of Denver, Colorado, in 1987 shows that 40 of the 50 States and the District of Columbia have specific statutory exemption language dealing with fraternal and veterans organizations. This includes all of our neighboring States of Wyoming, Idaho, North and South Dakota.

In requesting this exemption, we have gathered information to show that the quantity and quality of charitable work and time donated by the Elks and their Ladies is many times more than the amount of taxes paid, and has a great impact on the State.

We have 27 Elks Lodges in the State of Montana and our membership is about 22,000 members. Including their families, this relates to about 100,000 people in the State of Montana who are involved in Elk activities. Last year our involvement included 53,568 participants; 25,863 Elk and non-Elk volunteer hours; \$155,848.00 cash donated and a combined cash and other non-money donated of \$343,773.00.

The two areas where Elks have been most active in their community and charitable work is in the area of youths and Veterans, and we are becoming more active in Senior Citizen Programs where it is apparent that more volunteer help is needed. When President Reagan requested that private organizations take over more of these programs from the Government, the Elks immediately expanded their programs in these fields.

Last year we were very active in teen-age student promotions, sponsoring both Boy and Girl Scout Units; Youth Basketball and Football, Hockey and Drug Awareness Programs. Our Drug Awareness programs nationwide are outstanding and the Elks were the first to sponsor the "Say No" program later pushed by First Lady Nancy Reagan.

Our reports show that in the State of Montana we had 11,051 youths participating, 11,099 Elks participating and \$38,765.00 was spent on this aspect alone.

In addition, the Elks have been leaders in school scholarship programs for our youth. The Elks, nationwide, now spend more money in scholarship grants than any other organization except the U. S. Government. This year the Elks National Foundation will be giving scholarships amounting to two and a half million dollars. Montana benefits greatly from the Elks National Foundation. Last year we received from them \$37,300.00 for scholarships and a donation of \$22,362.00 to our major State Project. Since the inception of the National Foundation in 1928, Montana has received a total of \$584,248.95.

The Elks also have a State Project which is financed by a \$1.00 per capita dues, plus many other fund raising projects. Our first State Project, which we had for 15 years, was Speech and Hearing. We furnished Speech Therapists with automobiles who traveled to the schools throughout the State to work with students in the area of speech and hearing. In 1974, the Montana School System put into being a requirement that all schools have a Speech Therapist. With this action our Speech and Hearing Project achieved its goal.

Our present program is aid to small hospitals. Hospitals in the larger towns such as Billings, Great Falls, Helena, Butte and Missoula generally are able to raise funds for needed equipment. But we have many hospitals in smaller towns that are not able to buy needed equipment. This is where we help. Each year the smaller hospitals put in requests for specific equipment. These requests are evaluated and acted upon. Last year we had 26 requests and donated \$55,500.00.

The Elks have also made a pledge "So Long as There are Veterans in our Hospitals the B. P. O. E. will never forget Them". This has been shown by the Montana Lodges in the work they have done for the Veteran's Hospitals at Fort Harrison, Miles City and Sheridan, Wyoming, as well as the Elks Home in Columbia Falls. It is a little known fact that the first hospitals in the Nation for veterans were Elks hospitals and they were later donated to the U. S. Government. Montana Elks donate more animal hides for work therapy to Veteran's Hospitals than any other State in the United States.

We feel that the Elks do as much for Veterans as most American Legion, U.F.W.. and Amvets posts, and since we are a fraternal, non-profit, benevolent organization should have the same tax relief as they presently enjoy. I am a veteran and also belong to the American Legion so I am somewhat familiar with their programs.

Four years ago I appeared before this Committee and many of you were also here at that time. We do not have any highly-paid lobbyists to push our case, but it is a matter of fairness. Four years ago there were 34 States that recognized such exemption--now there are 40. The financial impact on the tax structure in the State is minimal. Surveys show that if all benevolent, fraternal, non-profit organizations in the United States were exempt from real estate taxes, it would amount to less than 1/4 of 1% of all real estate taxes paid.

James H. Mc Lachlan

EXHIBIT 3
DATE 3/1/89
HB 586
Rep. John Neuman

College Fraternal Organizations

Why Exempt Them From Property Taxation?

- ✓ Rising costs hurting membership
e.g. SPE membership in mid 70s: 120
Now: 50
- ✓ College fraternal organizations similar to others benefitted by this bill.
- ✓ Fraternities and sororities help support community and university.
- ✓ Parents being taxed for local schools they never attended.

EXHIBIT 4
DATE 3/1/89
HB 625
Rep. John Mince

STATE'S COST OF PROPOSED LEGISLATION

IT IS DIFFICULT TO DETERMINE THE EXACT AMOUNT OF NET PROCEEDS TAX REVENUE GENERATED BY VIDEO GAMBLING ON INDIAN LANDS, BECAUSE THERE IS NO WAY OF KNOWING HOW MANY MACHINES ARE LOCATED IN THE UNINCORPORATED AREAS INSIDE THE RESERVATION BOUNDARIES. WE HAVE A PRECISE COUNT OF MACHINES FOR CITIES AND TOWNS, BUT THE COUNTY NUMBERS ARE A CALCULATED SHOT IN THE DARK.

THE FOLLOWING TABLE ESTIMATES THE REVENUE IMPACTS OF THE PROPOSED LEGISLATION, BASED ON AVERAGE MACHINE REVENUES OF \$895 PER YEAR:

CITY/COUNTY	# MACHINES	REIMBURSEMENT
POLSON	73	\$65,335
RONAN	37	33,115
ST. IGNATIUS	5	4,475
HOT SPRINGS	10	8,950
WOLFPPOINT	23	20,585
BROWNING	32	28,640
LAKE CTY.	73	65,335
GLACIER CTY.	5	4,475
BIG HORN CTY.	5	4,475
ROOSEVELT CTY.	13	11,635
VALLEY CTY.	14	12,530
BLAINE CTY.	6	5,370
TOTAL	296	264,920

UNDER THIS BILL, THE STATE WOULD PAY AN ESTIMATED \$264,920 PER YEAR TO CITIES AND COUNTIES FOR REVENUES LOST AS A RESULT OF THE INDIAN GAMBLING LAW PASSED LAST YEAR BY CONGRESS. THIS IS THE ONLY FISCAL IMPACT OF THIS LEGISLATION, BECAUSE THE REDUCTION OF STATE GAMBLING TAXES ON RESERVATIONS IS NOT CONNECTED TO THIS BILL.

EXHIBIT 3
DATE 3/1/89
HB 625
Rep. John Meier

LOSS OF MUNICIPAL REVENUES RESULTING FROM FEDERAL LAW

IN RECENT YEARS, VIDEO GAMBLING REVENUES HAVE BECOME CRITICALLY IMPORTANT TO MONTANA LOCAL GOVERNMENTS. IN 1988, CITIES, TOWNS AND COUNTIES COLLECTED APPROXIMATELY \$7.3 MILLION IN VIDEO GAMBLING NET PROCEEDS TAXES, WHICH IN MANY CASES WAS THE DIFFERENCE BETWEEN A BALANCED BUDGET AND A FINANCIAL EMERGENCY. THE FOLLOWING TABLE SHOWS THE IMPORTANCE OF GAMBLING REVENUES TO CITIES AND TOWNS THAT ARE LOCATED ON INDIAN RESERVATIONS:

1988

CITY	V.G. TAXES	EQUIVALENT MILLS	% OF TAX REVENUE
POLSON	\$53,512	16 MILLS	19 PERCENT
RONAN	22,456	16 MILLS	22 PERCENT
ST. IGNATIUS	3,168	10 MILLS	12 PERCENT
BROWNING	8,256	20 MILLS	31 PERCENT
WOLF POINT	12,984	9 MILLS	12 PERCENT
HOT SPRINGS	4,320	16 MILLS	13 PERCENT

TAX REVENUES

CITY	MILL VALUE	LEVY	TAX REVENUE
POLSON	\$3,370	86 MILLS	\$289,820
RONAN	1,363	72 MILLS	98,136
ST. IGNATIUS	328	85 MILLS	27,880
BROWNING	419	65 MILLS	27,235
WOLF POINT	1,973	75 MILLS	147,975
HOT SPRINGS	274	126 MILLS	34,524

EXHIBIT 6
DATE 3/1/89
HB 589
Rep. R. Hoffman

PROPOSED AMENDMENTS TO HOUSE BILL 589

THE PURPOSE OF THESE AMENDMENTS IS ASSURE THAT THE AUTHORITY THAT WOULD BE PROVIDED BY THIS ACT APPLIES ONLY TO CITIES AND TOWNS THAT CAN QUALIFY UNDER A REALISTIC DEFINITION OF THE TERM "RESORT COMMUNITY"

AMENDMENTS

SECTION 1, PAGE 2, STRIKE: LINES 12 THROUGH 20

SECTION 1, PAGE 2, AFTER LINE 11, INSERT:

(5) "RESORT COMMUNITY" MEANS A COMMUNITY THAT:

(A) IS AN INCORPORATED MUNICIPALITY; AND

(B) HAD A POPULATION OF LESS THAN 4,500 ACCORDING TO THE LAST FEDERAL CENSUS OR ESTIMATE CONDUCTED PRIOR TO THE EFFECTIVE DATE OF THIS ACT.

(C) DERIVES A SUBSTANTIAL PORTION OF ITS ECONOMIC WELL-BEING FROM BUSINESSES CATERING TO THE RECREATIONAL OR PERSONAL NEEDS OF PERSONS TRAVELING TO OR THROUGH THE MUNICIPALITY FOR PURPOSES NOT RELATED TO THEIR WORK OR BUSINESS.

EXHIBIT 7
DATE 3/1/89
HB 589
Rep. R. Hoffman

Amendments to House Bill No. 589
First Reading Copy

Requested by Representative Hoffman at the Request of
the Gallatin County Commissioners

For the Committee on House Taxation
Prepared by Connie Erickson

March 1, 1989

1. Page 3.

Following: line 13

Insert: "(4) Determination of approval or rejection of the
proposed resort area and resort tax must follow the
procedure provided in 20-9-428."

2. Page 8.

Following: line 19

Insert: "(c) The governing body must be reimbursed from the tax
relief fund for costs associated with the collection,
administration, and litigation of the resort area tax."

EXHIBIT 8
DATE 3/11/89
HB 166
Rep. Susan Ford

SPONSOR'S FISCAL NOTE

Form BD-15S

There is hereby submitted a Sponsor's Fiscal Note for: _____, Version: _____

ASSUMPTIONS:

1. There are 4000 nursing home admissions in a given year.
2. Of that number 2400 are eligible for Medicaid.
3. 10% or 240 individuals will delay admission to nursing homes for 6 months.
4. The state portion of Medicaid obligation is \$11.00 per day.
5. 180 days x \$11.00 = \$1,980.00.
6. \$1980.00 x 240 = \$475,200.00 annually.

UNDER ASSUMPTION 2

1988	3,606 Medicaid eligible
1985	3,334 Medicaid eligible
1986	3,347 Medicaid eligible
1987	3,502 Medicaid eligible

PRIMARY SPONSOR _____ DATE _____

Fiscal Note for: _____ Version: _____

EXHIBIT 9
DATE 3/1/89
HB 280
Rep. John Vincent

Amendments to House Bill No. 280
First Reading Copy

Requested by Rep. Bob Raney
For the Committee on Taxation

Prepared by Dave Bohyer
February 13, 1989

1. Title, line 4.

Following: "AN ACT"

Strike: "TO PHASE IN"

Insert: "ALLOWING"

2. Title, line 5.

Following: "EXCLUSION"

Insert: "OR PARTIAL EXCLUSION"

Following: "RECEIVED"

Insert: "AS AN ANNUITY OR A PENSION, INCLUDING PAYMENTS RECEIVED"

3. Title, line 7.

Following: "BENEFITS"

Insert: ", "

4. Title, lines 8 through 10.

Following: "TAX" on line 8

Strike: the remainder of line 8 through "TAX" on line 10

5. Title, line 11.

Following: "AMENDING"

Strike: "SECTIONS 15-6-134, 15-6-142, AND"

Insert: "SECTION"

6. Page 1, line 16 through page 5, line 6.

Strike: sections 1 and 2 in their entirety

Renumber: subsequent sections

7. Page 5, line 16.

Following: "{a}"

Strike: the remainder of line 16

Renumber: subsequent subsections

8. Page 6, line 2.

Following: "(b)"

Insert: "(i)"

9. Page 6, line 3.

Following: "security"

Strike: ", all"

Insert: "; and (ii) 25% of the gross amount of any pension or annuity, including"

EXHIBIT 9
DATE 3/11/89
HB 280

Rep. John Vinner

10. Page 6, line 4.
Following: "benefits"
Strike: ","
Following: "and"
Strike: "all"

11. Page 6, lines 5 through 21.
Following: "benefits" on line 5
Strike: the remainder of line 5 through "disability benefits" on
line 21

HOUSE TAXATION

As of February 17, 1989
NANCY KEENAN OPI SCHOOL IMPACT REPORT

DATE 2/1/89
HB N/A

Heard	Bill #	Title	State Funds for Schools FY90	FY91	Local Schools FY90	FY91	Total Education Impact FY90	FY91
			no fiscal information		no fiscal information		no fiscal information	
1/12	HB55	Estimation of unclaimed property assessments (Signed by Governor)						
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 ¹	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		no fiscal note		no fiscal note	
2/9	HB494	Raising smokeless tobacco tax to aid school foundation program (In Committee)	724,000	809,000	-0-	-0-	724,000	809,000
2/14	HB588	Revise fee in lieu tax on boats and include other motorized vessels (In Committee)	no fiscal information		no fiscal information		no fiscal information	
TOTAL:			6,257,000	12,346,000	11,804,000	24,612,000	18,061,000	36,958,000

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

SENATE TAXATION

As of February 17, 1989
NANCY KEENAN OPI SCHOOL IMPACT REPORT

EXHIBIT 10DATE 3/1/89HB N/A

Heard	Bill #	Title	State Funds for Schools		Local Schools		Total Education Impact	
			FY90	FY91	FY90	FY91	FY90	FY91
1/11	SB2	Clears up 105 interpretation (Passed out of Committee 2/17)			7,689,000	7,689,000	7,689,000	7,689,000
2/11	HB55	Estimation of Unclaimed Property Assessments (Signed by Governor)					no fiscal information	
1/10	SB65	Similar to SB2 (Passed out of Committee 2/17)			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

SENATE TAXATION

As of February 17, 1989
NANCY KEENAN OPI SCHOOL IMPACT REPORT

Heard	Bill #	Title	State Funds for Schools		Local Schools		Total Education Impact	
			FY90	FY91	FY90	FY91	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 (Transmitted to House 2/10)		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	SB184 ²	Eliminate tax on livestock and agricultural products (Transmitted to House)	(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 (Indefinitely postponed)	(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 (Transmitted to House)	-0-	(826,000)	-0-	-0-	-0-	(826,000)
2/9	SB339	Individual income tax changes and tax changes for subchapter S corporations (In Committee)	(143,000)	(143,000)	-0-	-0-	(143,000)	(143,000)

SENATE TAXATION

As of February 17, 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
2/15	SB374	Property tax phase-in for improvements to real property or other improvements (tabled 2/15)	-0-	(51,000)	-0-	(107,000)	-0-	(158,000)
2/15	SB379	Change classification of 1-ton trucks for motor vehicle taxation (In Committee)	(21,000)	(42,000)	(38,000)	(77,000)	(59,000)	(119,000)
2/15	SB380	Exclude social security number and tier 1 benefits from adjusted gross income in computing individual income tax (In Committee)	(757,000)	(757,000)	-0-	-0-	(757,000)	(757,000)
2/16	SB392	Exempt certain motion picture property from property taxation (In Committee)	(2,000)	(2,000)	(3,000)	(3,000)	(5,000)	(5,000)
2/1	HB4 ³	Lowers tax for some coal (Returned to House)	(6,000)	(14,000)			(6,000)	(14,000)
		TOTAL	(5,023,000)	(6,145,000)	(9,155,000)	(9,719,000)	(14,178,000)	(15,864,000)

*An additional 7.4621 mills necessary to offset this loss or 6.16% income tax surcharge
*An additional 8.3495 mills necessary to offset this loss or 6.90% income tax surcharge

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)
3 (87.09% in 1992; (44.916) in 1993)

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

HOUSE TAXATION

Heard Bill #

1/12 HB4¹

1/10

HB10

1/4

HB15

1/4

HB30

1/11

HB35

1/13

HB90

1/17

HB95

1/24

HB181

1/31

HB208

1/26

HB280

2/2

HB293

2/7

HB415²

Title

Lowers tax for some coal
(Will act on 1/18)
(Returned to House)

Oil tax cuts education trust fund
(Tabled 1/11)

Exempt motorboats 5 HP or less
(Tabled 1/12)

Changing tax on "old vehicles"
(Being held)

Change personal property assessment
tax on livestock, "coal & oil hauling
trucks," etc.
(Referred to Senate Tax)

Exempt trucks, etc. from property tax
(Amended for recreational & comm.)
(Passed out of Committee 1/17)
(Referred to S Agriculture)

Exempt lottery prizes from state
income tax
(Adverse Committee Report)

Method to appropriate coal tax
proceeds to public school trust
fund
(In Committee)

Prepayment of property taxes by
hard-rock mine exploration developers.
(Adverse committee report adopted)

Revising definition of "income" to
increase property tax relief
(In Committee)

Credit for household and dependent
care based on I.R.C.
(In Committee)

Exempt hand-held tools, etc.,
from property taxation
(In Committee)

As of February 17, 1989
NANCY KEENAN DPI SCHOOL IMPACT REPORT

State Funds for Schools
FY90 FY91

(6,000) (14,000)

Local Schools
FY90 FY91

-0- -0-

Total Education Impact
FY90 FY91

(6,000) (14,000)

no fiscal note

(23,000) (23,000)

no fiscal information

(93,000) (93,000)

(44,000) (44,000)

(27,000) (108,000)

no fiscal note

no fiscal note

(384,000) (884,000)

(690,000) (724,000)

(872,000) (832,000)

EXHIBIT 828

DATE 3/1/89

HB

HOUSE TAXATION

As of February 17, 1989
NANCY KEENAN DPI SCHOOL IMPACT REPORT

Page 2

Heard	Bill #	Title	State Funds for Schools FY90	Local Schools FY90	Local Schools FY91	Total Education Impact FY90	Total Education Impact FY91
2/7	HB451	Standard deduction in addition to deduction for house and dependent care (In Committee)	(50,000)	-0-	-0-	(50,000)	(50,000)
2/1	SB17	Property tax less on old cars (In Committee)	(33,000)	(33,000)	(59,000)	(92,000)	(92,000)
		TOTAL	(1,226,000)	(1,494,000)	(1,015,000)	(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
2Retroactive 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

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO.

HB 586

DATE March 1, 1989

SPONSOR Rep. John Mercer

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. **HB 625**

DATE March 1, 1989

SPONSOR Rep. John Mercer

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO.

SB 90

DATE _____

March 1, 1989

SPONSOR Sen. Robert Brown

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. SB 51

DATE March 1, 1989

SPONSOR Sen. Joe Mazurek

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.