

## MINUTES

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

#### COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on March 16, 1989, at  
8:00 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 767

#### Presentation and Opening Statement by Sponsor:

Rep. Bob Marks, House District 75, stated the bill eliminates the unemployment insurance administrative tax. He stated this tax revenue was \$61,000,000.00 as of January. Rep. Marks said this is tax relief for employers without harming the purpose of the fund. He stated this act would be effective July 1, 1989 if approved.

#### Testifying Proponents and Who They Represent:

Charles Brooks, Executive Vice President, Montana Retail  
Association  
Barry Yord, U.S. West  
Buck Bowles, Montana Chamber of Commerce  
Dennis Burr, Montana Taxpayers

#### Proponent Testimony:

Charles Brooks stated he had talked with many members of his organization throughout the state who had informed him they wanted no more taxes. He urged support of the bill

Barry Yord urges support of the bill.

Buck Bowles stated the .01% charge was imposed during a time of financial crises. He said this is an all employer's tax on payroll and has nothing to do with the employer's record. He urged support of the bill.

Dennis Burr urged support of the bill.

Testifying Opponents and Who They Represent:

Don Judge, AFL-CIO

Opponent Testimony:

Don Judge spoke in opposition to the bill. (Exhibit 1).

Questions From Committee Members: Rep. Schye asked Rep. Marks if there was a fiscal note. Rep. Marks said no but there were people present from the Department of Revenue and the Department of Labor to answer questions. Rep. Schye asked how much money was involved. Chuck Hunter from the DOR responded stating 2.3 to 2.4 million per year. Rep. Schye stated he would like to have a breakdown of this amount of money. Rep. Marks stated he would provide this to the committee.

Rep. Gilbert asked Rep. Marks if the fee was imposed in 1981 when there was concern that the job services would have to be closed or people laid off. Rep. Marks said this was imposed in the 1983 legislative session when the unemployment insurance fund was dangerously low and there was concern it would be depleted.

Rep. Cohen asked Rep. Marks how the 2.4 million dollars budgeted would be funded. Rep. Marks replied this would be a problem for the Taxation Committee.

Rep. Ellison asked Rep. Marks how much money from this fund has been allocated in appropriations. Rep. Marks stated he could not answer that question. Rep. Ellison then said given the money appropriated out of this fund, if the committee terminated this now, would the fund be in jeopardy. Rep. Marks stated it would not.

Rep. Driscoll asked Chuck Hunter from the DOR if the employer's rate was lowered from 6.5% to 6.4% and deferred the .1% to this fund. Mr. Hunter concurred. Rep. Driscoll then asked how much of the money has actually gone back into the trust fund. Mr. Hunter replied slightly over 10 million dollars. Rep. Driscoll then said this would have approximately a \$9,000,00.00 impact on the fund to which Mr. Hunter concurred.

Mr. Hunter submitted the breakdown of funds to the committee Rep. Schye had requested. (Exhibit 2).

Closing by Sponsor: Rep. Marks stated if the bill was adopted and the .1% was terminated, he did not think this would have a \$9,000,000.00 effect on the fund. He said there was sufficient money to support the unemployment fund. He said the tax has outlived its usefulness and it was never intended to balance the budget. He urged support of the bill.

DISPOSITION OF HOUSE BILL 767

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

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

HEARING ON HOUSE BILL 202

Presentation and Opening Statement by Sponsor:

Rep. Bob Pavlovich, District 70, stated this is a bill to raise the cigarette tax \$.05 per package. He stated he wished to amend the bill to decrease the tax from \$.05 to \$.02. He said the money will be used to conduct a study, build nursing home facilities and provide additional beds for existing facilities. Rep. Pavlovich stated there were 106,000 veterans in the state, most of whom were getting to the age where they may need nursing home care. He said there is dire need for these facilities in the state. He said the cigarette tax was introduced after World War II to pay the veteran's bonuses and now the money is being used to build new government buildings. Rep. Pavlovich stated the funds are needed now for nursing home facilities for veterans care.

Testifying Proponents and Who They Represent:

Rep. Red Menahan, House District 67  
Rep. John Johnson, House District 23  
John Mahan, Attorney, VFW Member, Helena  
Rich Brown, Administrator, Veteran's Affairs  
Hal Manson, American Legion  
Kathy Sparr, Economic Development Group Glendive Forward  
George Polston, United Veterans of Montana  
Walt Wheeling, American Defenders of Bataan and Corregidor  
John Sloane, Local Commander, VFW  
John Morgan, Helena Veteran  
John Dereherder, Legislative Director, Department of Montana  
Disabled Veterans

Proponent Testimony:

Rep. Red Menahan stated the Department of Revenue will provide financial information for a 40 bed nursing home facility at Galen State Hospital. He stated there is an urgent need for local facilities to provide care. He urged support of the bill.

Rep. John Johnson submitted a chart to the committee

indicating the use of the cigarette tax revenue. (Exhibit 3). He stated the cigarette tax was originally intended to ensure the war veterans compensation fund but has evolved into a fund for building and other purposes. He urged support of the bill to fulfill the original purpose of the tax and provide for veterans care.

John Mahan stated he wrote the honorarium which was passed by the people of Montana to provide funds for veteran's care at the end of World War II. He stated there are 106,000 veterans in the state and they need assistance. Mr. Mahan said 80% of these people are over 60 years of age and most of them are over the age of 68. He stated many live too far from care facilities. Mr. Mahan said the Veteran's Administration will pay 65% of the construction costs for projects that meet the VA requirements. He stated Ft. Harrison has had many cuts in services and the VA no longer contracts with private nursing homes. He urged support of the bill.

Rich Brown stated the needs are critical and the VA is not keeping pace with this issue. He said the bill is essential to restore constantly increasing needs for health care for aging veterans. He urged support of the bill.

Hal Manson stated the American Legion is gravely concerned about the lack of facilities for health care for aging, ill and low income veterans. He said 90 days of nursing home care provided by the VA is insufficient for chronically ill veterans. He said the need is critical and he urged support of the bill.

Kathy Sparr stated she supported the bill as amended. She stated the veterans deserve attention and respect. She urged support of the bill.

George Polston stated with the aging of the state's many veterans, extensive facilities will be needed for their care. He said the current facilities are inadequate and the need is critical. He urged support of the bill.

Walt Wheeling urged support of the bill.

John Sloane stated a 140 bed facility was to have been built at Ft. Harrison in 1979. He said this has not been done and has now been delayed until 1991. He said the need for nursing home care is critical and he urged support for the bill.

John Morgan stated there is a desperate need for health care facilities. He said promises have not been kept to the veterans and the need is critical. He urged support of the bill.

John Dereherder stated the veterans were not opportunists.

He said they were only asking to have what was originally promised to them. He urged support of the bill.

Testifying Opponents and Who They Represent:

Jerome Anderson, Attorney, Tobacco Institute  
Tom Maddox, Montana Association of Tobacco and Candy  
Distributors  
Rex Manuel, Phillip Morris  
Steve Bruckner, Bozeman  
Tom Stump, Secretary-Treasurer, Pennington, Inc.  
Gene Phillips, Smokeless Tobacco Council  
Dean Wittering, Helena  
Roger Tippy, R. J. Reynolds  
Dennis Winters, Rural Economic Development; Phillip Morris

Opponent Testimony:

Jerome Anderson stated he opposed additional cigarette taxes. He said the building program has a 10.2 million dollar debt retirement that must be met by the cigarette tax funds. Mr. Anderson stated he had sympathy for the veteran's position but he said the legislature cannot jeopardize the long range building program by adding an additional tax to a product that is continually declining in sales.

Tom Maddox spoke in opposition to the bill. (Exhibit 4).

Rex Manuel referred to the fiscal note regarding the long range debt service. He said 80% goes to the debt service and 20% for maintenance costs for the state buildings. He stated it would be 1996 before these obligations are repaid. He referred to the decline in the sale of cigarettes and the resultant revenue loss to the building fund. He said he objected to the funding method but not to the cause.

Steve Bruckner spoke in opposition to the bill. (Exhibit 4).

Tom Stump spoke in opposition to the bill. (Exhibit 5).

Gene Phillips stated the Smokeless Tobacco Council opposed any selective cigarette tax. He said the veteran's needs should be supported by everyone.

Dean Wittering urged opposition to the bill.

Roger Tippy stated he concurred with the previous industry statements. He urged opposition to the bill.

Dennis Winters stated small towns in Montana are declining and have little left but convenience stores, bars, and restaurants. He stated the cigarette taxes have influenced the decline in cigarette sales but cigarettes are the major

product in convenience stores and 10% of the income of chain drugstores comes from cigarettes. He said increases in the tax will have a disastrous effect on small town businesses. He urged opposition to the bill.

Questions From Committee Members: Rep. Driscoll asked if there had been any federal increases in taxes since January 1. Mr. Maddox replied there was a 45% increase in tax on pipe tobacco but not on cigarettes.

Rep. Stang asked Rep. Pavlovich why he was testifying previously against a bill that imposed a tax on beer and why not tax beer for the veterans. Rep. Pavlovich replied that he was suggesting a tax on cigarettes because the money from this fund was originally intended for veterans but has instead been used for the building program. Rep. Stang then asked Rex Manuel when the federal government must have the funds for veteran's facilities. Mr. Manuel replied probably by June 1 before they could receive the matching federal government funds. Rep. Stang asked if this bill was passed, there still would not be time to which Mr. Manuel concurred.

Rep. Gilbert stated to Rep. Pavlovich that the original cigarette tax was to pay bonuses for veterans but these have all been paid so the obligation has been fulfilled and the tax money really does not belong to them. Rep. Pavlovich concurred. Rep. Gilbert then asked Rich Brown about the VA cutting back on hospitals saying they have no more funds. Mr. Brown concurred. Rep. Gilbert stated if we build these facilities, will there be the funding to operate them. Mr. Brown replied the money is available from the federal government for state funded programs. Rep. Gilbert then asked Mr. Brown if he thought the method of funding by imposing the burden on less than 30% of the population was appropriate. Mr. Brown stated he did since the vast majority of veterans have at one time smoked cigarettes.

Rep. Ream stated to Mr. Brown that the federal government has been failing in their responsibility and commitment to veterans. He asked what can be done to encourage more participation from the federal government. Mr. Brown responded that the number of veterans far exceeds the amount of money the federal government could provide.

Closing by Sponsor: Rep. Pavlovich thanked the committee for a good discussion. He stated there are 33 states that have higher cigarette taxes than Montana. He said the bill was not intended to be anti-business and he did not know if the decline in cigarette smoking was due to the taxes or to health concerns or possibly the limiting of advertising. He said he was asking for something that rightfully belongs to the veterans. He stated there is a great need for a veteran's home. He urged support of the bill.

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

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

HEARING ON HOUSE BILL 753

Presentation and Opening Statement by Sponsor:

Rep. Bob Pavlovich, District 70, stated HB 753 is a bill to allow unlimited progressive prizes in the state's poker machines. He said the use of expanded gambling in the state is a means to raise much needed revenues. He said this is not mandatory in any way. He distributed a packet explaining the progressive prize system. (Exhibit 7). He said there were people present from the industry to testify.

Testifying Proponents and Who They Represent:

Rep. Joe Quilici, House District 71  
Mark Staples, International Gaming Association  
Linda Dunaway, IGT-Montana, Inc.  
Jim Durkin, Gaming Industry Association Director  
Dennis Winters, Rural Economic Development

Proponent Testimony:

Rep. Joe Quilici stated he had seen the progressive prize system work in Reno recently. He said the state revenue needs are critical and this operation would raise between 4.6 and 6.2 million dollars in FY 90 and 91. Rep. Quilici stated there is built-in security and integrity in the system and he urged support of the bill.

Mark Staples stated the security devices and computerized protection with the poker machine system are very effective. He stated this was not an expansion of gambling but the correct usage of current technology already available. He said the Montana poker machines throughout the state would be put into a cooperative jackpot system voluntarily allowing players to play for much larger prizes. Mr. Staples stated the system using IGT-Montana's technology has proven reliability. He said this will raise considerable revenue for the state. He urged support of the bill.

Linda Dunaway stated she was present to explain the system. She said the system has been approved by very strict gaming rules in the states of Nevada and New Jersey and the system is proven and secure. She said her company, IGT-Montana, Inc. is the designer and manufacturer of the poker machine

system. She stated this is not an expansion of gambling but merely an addition to existing mechanisms. Ms. Dunaway stated the system is sensitive to the specific areas where the machines are installed and the tax is on the progressive prizes. She said there would be a centralized Montana office with direct telephone lines to the machine locations and cross checks on security. Ms. Dunaway stated the owner of the business purchases the machine only and there is no installation or connection charges to the central system. She assured the committee that it was not possible for anyone to break the security of the system.

Jim Derkin stated his association supports games that people enjoy and games taxed for the benefit of the people of the state. He urged support of the bill.

Dennis Winters stated small towns have little funds for anything today but they can provide gaming machines to realize more profit for small businesses. He urged support of the bill.

#### Testifying Opponents and Who They Represent:

John Poston, Montana Coin Machine Operators Association

#### Opponent Testimony:

John Poston stated his association's members own over 80% of the existing poker machines and HB 202 would have a drastic effect upon their business. Mr. Poston said, in 1985, his association came before the legislature and asked to be allowed to have five poker machines and if so, they would not be in support of any further expansion of gambling. He said this is their position and HB 202 is a gambling expansion. Mr. Poston said this system would destroy the Montana lottery and it would destroy a good part of his association's business. He said the poker machines are required to be connected to the central system with fiber optic lines which has little availability in Montana. He stated this is a bill to benefit one company only and will possibly give them a monopoly. He stated there is also the problem of rural cooperative telephones that have a lot of difficulties especially in the winter. He urged opposition to the bill.

Questions From Committee Members: Rep. Giacometto asked Rep. Pavlovich about the fiber-optics telephone system. Rep. Pavlovich stated that GTI had assured him they could install these telephone lines anywhere in the state but Ms. Dunaway could explain this. Chairman Harrington recognized Ms. Dunaway who stated the fiber-optic cabling is between the machines in the location and this is provided by IGT. She said this had no effect on the type of telephone lines and the existing lines are sufficient for the system. Rep. Giacometto then asked Rep. Pavlovich about the technology of



the program and other companies having an opportunity to be involved. Rep. Pavlovich said he really did not know but IGT developed this system. Rep. Giacometto asked if this was shutting others out by the way the bill is drafted. Rep. Pavlovich replied the committee could put this on an open bid system and he would have no objection.

Rep. Gilbert asked Ms. Dunaway the % of payout. She replied it is around 87% but this depends on what the legislature authorizes. Rep. Gilbert said then the players are paying for this in the long run.

Rep. Driscoll asked Ms. Dunaway if there were any other companies in the country that have this system. She replied other major manufacturers have not been licensed by Nevada or New Jersey but they do have the technology available to them. She said IGT is the only company linked with a progressive prize. Rep. Driscoll asked if another company developed a system that fit the specifications in the bill and IGT was already in place, could the other company come in. She replied they could.

Rep. Giacometto asked Ms. Dunaway about the costs of this system to remote locations. She replied the cost would be to IGT but they must make enough to pay for the telephone lines. She said they could work out a system where the business could share the expenses.

Rep. Stang asked Ms. Dunaway about the problem of the telephone lines being down due to bad weather and what would happen to the machines in this event. She replied the computer in the business can function and retain data for 48 hours so they would know the time and place of the problem and whether anyone had won a jackpot.

Closing by Sponsor: Rep. Pavlovich stated the lottery will be going to an on-line system and this bill will in no way effect the lottery. He said people like to gamble in different forms. He stated the business owners can buy their own machine from IGT and he cannot buy coin operated machines. He urged support of the bill.

#### DISPOSITION OF HOUSE BILL 753

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

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

Presentation and Opening Statement by Sponsor:

Rep. Bob Raney, District 82, stated HB 764 is a vehicle for raising revenue. He said the bill was revenue neutral but there was no fiscal note since the bill was originally written as a revenue enhancement bill. He stated this bill brings the top rate down to 9% and it would cap federal deductibility at \$7,000.00 for a married couple filing jointly and \$3,500.00 for an individual. Rep. Raney said the standard deduction would be raised to \$3,000.00 and the exemption would be \$1,950.00. He said the bill also lowers the corporation rate from 6.75 to 6.5% but will eliminate carry back losses and reduce carry forward losses down to three years. He stated the bill will also eliminate 243 dividends.

Testifying Proponents and Who They Represent:

Jim Kelble, Montana Alliance for Progressive Policy  
Tom Bilodeau, Montana Education Association Research  
Director

Proponent Testimony:

Jim Kelble stated his organization supports the bill as a vehicle for tax reform and for the possibility of raising new revenue. Mr. Kelble said with the changes proposed in the standard deductions and exemptions, a two income family of four would have \$9,900.00 exempted from taxable income. Mr. Kelble stated the changes in the bill provide the means to ensure that everyone will pay their fair share of taxes.

Tom Bilodeau stated the MEA strongly supports the bill. He said the bill addresses corporate as well as individual tax. He stated the bill is intended to be revenue neutral and they see this as a particularly adept vehicle for raising revenue to assist education and balance the budget. He urged support of the bill.

Testifying Opponents and Who They Represent:

Dennis Burr, Montana Taxpayer's Association  
Stan Kaleczhch, Attorney, Burlington Northern, Inc. and  
Burlington Northern Companies  
Tom Ebzery, Attorney, NORCO, Inc.  
Gene Phillips, Civic Power & Light Company, Kalispell

Opponent Testimony:

Dennis Burr stated the income tax portion of the bill was revenue neutral by providing relatively small decreases for low income citizens and large increases for middle and upper level income people. He said people who earn two incomes are required to file a joint return under this bill. Mr. Burr stated that overall the bill would not be revenue

neutral especially for a considerable number of taxpayers in the state and this was the basis for his opposition.

Stan Kaleczhch said his clients were still analyzing the bill to determine if it is revenue neutral and what the effect would be on them. He stated if one of the purposes of the bill is to mirror or match the federal income tax proposals on the corporate side, a reduction in the alternative minimum tax would be appropriate in this bill. He said they would ask for this amendment.

Tom Ebzery said he agreed with Dennis Burr. He said the bill should be 3.7% to mirror the federal alternative minimum tax provision. Mr. Ebzery stated the carry back and carry forward provisions could have a significant effect on small new businesses just getting started in the state. He said these provisions should be retained in the bill.

Gene Phillips stated section 27 in the bill is double taxation for corporations. He said the bill is far from revenue neutral and would like to see this portion of the bill eliminated.

Questions From Committee Members: Rep. Driscoll asked Dennis Burr about the 9% rate effective at \$12,000.00 instead of \$35,000.00 and the 11% effective at \$42,000.00. He asked Mr. Burr if he used these figures in analyzing the bill as revenue neutral. Mr. Burr replied he did not but it depends on what the first income is of the two wage earner taxpayers.

Rep. Ream asked Mr. Burr about the relationship between this bill and SB 408. Mr. Burr responded SB 408 provides some tax reduction at the lower level and increases at the upper level. Rep. Ream asked which bill Mr. Burr would prefer and he replied SB 408.

Rep. Driscoll asked Rep. Raney since the standard deductions stay the same as the federal, would this affect the indexing. Rep. Raney said he did not know but the Department of Revenue may be able to provide this information.

Closing by Sponsor: Rep. Raney stated this bill was to address the issue of raising new revenue and to lower the marginal rates of the income tax.

#### DISPOSITION OF HOUSE BILL 764

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

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

#### HEARING ON HOUSE BILL 613

Presentation and Opening Statement by Sponsor:

Rep. Red Menahan, District 67, stated HB 613 allows local governments to authorize 21. He said this is basically for tourists and it would begin on Memorial Day and end after Labor Day. He stated there would be two tables and the rules would be set by the Department of Commerce.

Testifying Proponents and Who They Represent:

Kent Frampton, Cavanaugh's, Kalispell & Grass Mountain Lodge  
Gambling  
Randy Reiger, Gaming Industry Association of Montana

Proponent Testimony:

Kent Frampton stated he would like the 21 to be available for the Montana Centennial summer for the tourist's entertainment. He said he conducts thousands of bus tours during the year and this does not include skiers. Mr. Frampton stated many people do not know gambling is available in Montana. He said the state spends a lot of money to promote tourism but lacks entertainment for these people. He stated 21 was a popular game and one that most people enjoy and can play. Mr. Frampton stated the summer would be a trial period for 21 to see how the tourists like this and possibly it could be conducted each summer.

Randy Reiger said there is a need to look at the outside elements to the state such as competition. He said Montanans go to North Dakota to gamble and certain provinces in Canada have legalized casinos where they play 21 for charities as well as other areas in the country where different forms of gambling are available. He stated many tourists come to Montana for its beauty in the summer but they also want to be entertained and they enjoy gambling. He said Montana should not lose money because of unreasonable gambling restrictions.

Testifying Opponents and Who They Represent:

Shelly Lane, Director of Administrative Services, City of  
Helena  
Mignon Waterman, Montana Association of Churches

Opponent Testimony:

Shelly Lane stated the City of Helena opposes gambling and although this would be just one summer, it is a beginning step toward legalizing gambling. She stated gambling should

have uniform regulation and not be the decision of each local government. She urged opposition to the bill.

Mignon Waterman submitted written testimony in opposition to the bill. (Exhibit 8).

Questions From Committee Members: Rep. Schye asked Mr. Reiger who receives the money from gambling in North Dakota. Mr. Reiger stated the gambling is charitable in that state. Rep. Schye then asked if there was any private gambling in that state and Mr. Reiger replied there was no.

Closing by Sponsor: Rep. Menahan stated if the City of Helena was so self-righteous, they could turn back the money from the poker machines anytime. He said this is up to the local governments. Rep. Menahan stated there is a risk in 21 since it is possible to run the games for many days and lose consistently. He said the games can be regulated and well run and it will provide summer entertainment for the tourist season and raise revenue.

#### DISPOSITION OF HOUSE BILL 613

Motion: DO PASS by Rep. Giacometto.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: Motion FAILED on an 11 to 7 roll call vote. Rep. Raney made a substitute motion to TABLE the bill. Motion FAILED on a 9 to 9 tie. Motion to reverse vote passed unanimously. DO NOT PASS on HB 613.

#### EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 766 HEARD ON MARCH 14:

MOTION: DO PASS by Rep. Patterson. Motion CARRIED by an 18 to 1 voice vote with Rep. Cohen voting no.

DISPOSITION OF HOUSE BILL 263 HEARD ON JANUARY 25:

MOTION: TO TABLE by Rep. Ream. Motion CARRIED by an 12 to 6 voice vote with Reps. Patterson, Rehberg, Hanson, Giacometto, Elliott, and Driscoll voting no.

DISPOSITION OF HOUSE BILL 268 HEARD ON JANUARY 27:

MOTION: TO TABLE by Rep. Patterson. Motion CARRIED by a 13 to 4 voice vote with Reps. Stang, Schye, Elliott, and O'Keefe voting no and one committee member absent at this point.

DISPOSITION OF HOUSE BILL 280 HEARD ON JANUARY 25:

DISCUSSION: Rep. Raney stated the amendment proposed for the bill did not follow their intention since it phased in 100% of social security and 25% of everything else. He said he had asked the Department of Revenue to provide a fiscal note on the bill and another amendment will be prepared. He requested the committee delay action until this information can be prepared. The committee concurred.

DISPOSITION OF HOUSE BILL 293 HEARD ON FEBRUARY 2:

MOTION: DO PASS by Rep. Cohen who also submitted and moved an amendment to the bill.

DISCUSSION: Rep. Cohen urged the committee to seriously consider HB 293. He stated the federal government is continuing to debate the matter of providing child care facilities. He submitted a fiscal note. (Exhibit 9). He said this bill will give direct assistance to parents and give them the option of deciding where they will send their children for care. Rep. Cohen stated the bill includes dependent care as well as child care which addresses very real and difficult problems.

Rep. Driscoll requested that subsection 3 of the amendments be voted on separately. He said this subsection would involve extensive and unnecessary income tax calculations on the part of the taxpayer.

The motion to segregate subsection 3 was carried by a 17 to 1 voice vote.

Amendments 2a and 2b were CARRIED by a unanimous voice vote.

On subsection 3, Rep. Cohen stated he could not respond for or against the income tax preparation problems with this subsection. Dave Bohyer explained the reason for this amendment was to ensure, in the instances of a husband and wife separation, filing separately, that the person that paid for the child care got the credit. Rep. Driscoll said this could be done with or without this amendment. Rep. Cohen withdrew his motion for passing subsection 3 of the amendment.

Motion to DO PASS AS AMENDED CARRIED by unanimous voice vote.

DISPOSITION OF HOUSE BILL 451 HEARD ON FEBRUARY 2:

MOTION: TO TABLE by Rep. Cohen. Motion CARRIED unanimously by voice vote.

DISPOSITION OF HOUSE BILL 503 HEARD ON MARCH 9:

MOTION: TO TABLE by Rep. Cohen. Motion FAILED on a 9 to 9 tie roll call vote.

DISCUSSION: Dave Bohyer explained that HB 503 allowed the credit

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to be taken against the companies coal severance taxes paid. SB 283 extends the Capital Company Act for two additional years with an additional 3 million in total credits.

MOTION: TO TABLE by Rep. Raney. Motion CARRIED by a 12 to 6 voice vote with Reps. Giacometto, Good, Patterson, Gilbert, Hoffman, and Rehberg voting no.

DISPOSITION OF HOUSE BILL 588 HEARD ON FEBRUARY 14:

MOTION: DO PASS by Rep. O'Keefe.

DISCUSSION: Rep. O'Keefe stated the bill is somewhat complicated at the county level but it is a good bill. He said there is no fiscal impact to the Department of Revenue. Rep. Gilbert agreed. Rep. Raney asked about the canoes. Rep. O'Keefe said there was no fee for canoes unless they were motorized and then they pay \$7.50. Rep. Raney asked about decals and Rep. O'Keefe stated there are decals but only if the canoe is motorized.

Motion to DO PASS CARRIED unanimously by voice vote.

DISPOSITION ON HOUSE BILL 250 HEARD ON FEBRUARY 1:

MOTION: TO TABLE by Rep. O'Keefe. Motion CARRIED unanimously.

DISPOSITION TO HOUSE BILL 622 HEARD ON MARCH 8:

MOTION: TO TABLE by Rep. Driscoll. Motion CARRIED by an 11 to 7 voice vote.

ADJOURNMENT

Adjournment At: 11:45 a.m.

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

DH/lj

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# DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date March 16, 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

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Mr. Speaker: We, the committee on Taxation report that HOUSE  
BILL 613 (first reading copy -- white) do NOT pass .

Signed: \_\_\_\_\_  
Dan Harrington, Chairman

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Mr. Speaker: We, the committee on Taxation report that HOUSE  
BILL 766 (first reading copy -- white) do pass.

Signed: \_\_\_\_\_  
Dan Harrington, Chairman

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Mr. Speaker: We, the committee on Taxation report that HOUSE BILL 293 (first reading copy -- white) do pass as amended .

Signed: \_\_\_\_\_  
Dan Harrington, Chairman

And, that such amendments read:

1. Page 5, line 6.

Following: "services"

Insert: "-- limitations"

Following: "."

Insert: "(1)"

2. Page 5.

Following: line 9

Insert: "(2) For purposes of subsection (1), the credit may be claimed by:

(a) a married couple whose combined adjusted gross income is \$40,000 or less for the taxable year during which the expenses are incurred; or

(b) an individual or a head of household whose adjusted gross income is \$25,000 or less for the taxable year during which the expenses are incurred."

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Mr. Speaker: We, the committee on Taxation report that HOUSE  
BILL 588 (first reading copy -- white) do pass .

Signed: \_\_\_\_\_  
Dan Harrington, Chairman



JAMES W. MURRY  
EXECUTIVE SECRETARY

Box 1176, Helena, Montana

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406/442-1708

EXHIBIT 1  
DATE 3/16/89  
HB 767

*Rep. Bill Smith*

Testimony of Don Judge before the House Taxation Committee on House Bill 767,  
March 16, 1989

---

Mr. Chairman and members of the Committee, for the record, I am Don Judge representing the Montana State AFL-CIO in opposition to House Bill 767 which would delete the Unemployment Insurance Administration tax.

In 1983, the Legislature passed this tax to offset the potential reduction in federal support of Job Service. Total collections for the fund were \$2.4 million in fiscal year 1988. All monies not appropriated by the Legislature from the Unemployment Insurance Administration account are transferred to the Unemployment Insurance Trust Fund. The current budget proposes to use these funds to supplement declining federal funds for Job Service and also to offset general fund spending for the Employment Relations Division, Human Rights Commission and the Job Training Program. These programs are all employment related and the funding for them from this tax seems to us to be appropriate.

The Appropriations Committee went beyond the initial proposal and has authorized the use of approximately \$2 million per year from the tax to offset general fund expenditures. We believe that the future of these programs would be in jeopardy given the current fiscal situation facing the state if this tax were removed.

The status of the Unemployment Insurance Trust Fund is excellent, and because of its current high positive balance will trigger a reduction in employer unemployment insurance rates of up to two rate schedules this year. Therefore, we don't see the overriding need for this legislation. We urge you to oppose House Bill 767 and give it a do-not-pass recommendation.

Thank you.

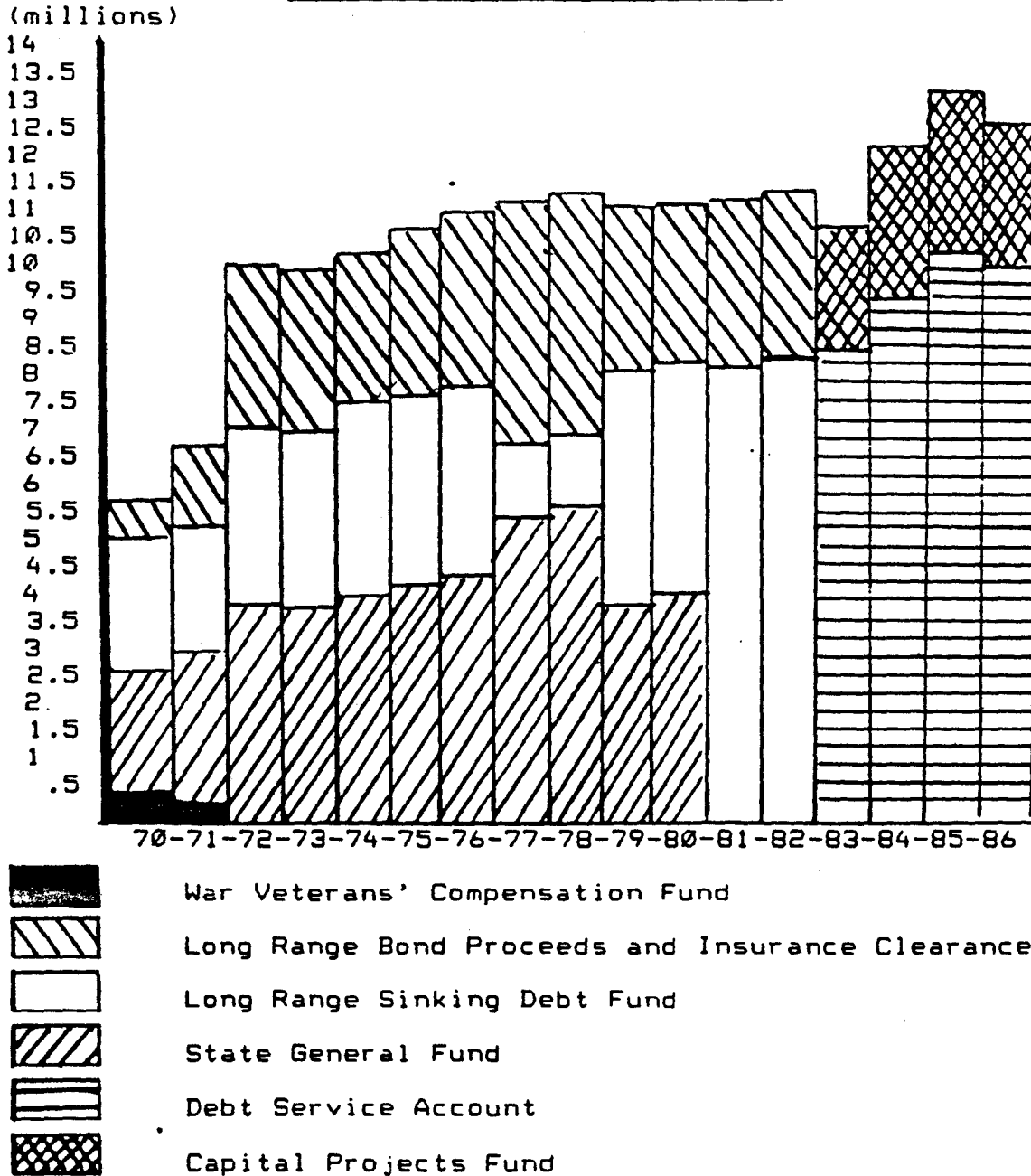
EXHIBIT 2  
DATE 3/16/89  
HB 767  
*Rep. Bill Marks*

ADMINISTRATIVE TAX DEPT. OF LABOR & INDUSTRY

	<u>FY90</u>	<u>FY91</u>
01 JOB SERVICE	\$347,457	\$347,092
04 EMPLOYMENT RELATIONS	671,262	679,718
92013 PREVAILING WAGE	31,024	31,004
92016 CITIZEN BOARD	3,000	3,000
07 EMPLOYMENT POLICY DIVISION	222,426	197,520
92014 PREVAILING WAGE	20,788	40,939
50 JOB TRAINING PARTNERSHIP ACT	676,946	712,752
	-----	-----
TOTAL ADMIN. TAX FUNDS	\$1,972,903	\$2,012,025
	=====	=====

FIGURE 2-1

Use of Cigarette Tax Revenue



Source: State Department of Revenue.

EXHIBIT 4  
DATE 3/16/89  
HB 202

*Rep. BT Pollock*

WITNESS STATEMENT

NAME Thomas W. (Tom) Maddox

HOUSE BILL 202

ADDRESS P. O. Box 123, Helena MT 59624

WHOM DO YOU REPRESENT? Montana Association of Tobacco and Candy Distributors

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

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

Statement attached:

PAGES	SUBJECTS
1	Witness
2	Legislators and this business have interested in common
3	"The cigarette tax BELONGS to our debtors."
4	Department of Revenue chart shows cigarette sales plunge off the chart to ALL-TIME RECORD LOWS
5	This is A PREDATORY TAX
6	How taxing MORE AND MORE BEGETS LESS AND LESS
7	The veterans fought FOR A L L of US All deserve the opportunity to share appreciation.
8, 9, 10	Impact of tobacco on Montana - Econometrics.
11	Roster of state-licensed wholesale distributors who <u>prepay</u> cigarette tax prior to sales.

Note: For questions: Available are figures on tax impact on consumers

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



EXHIBIT 1  
IN THE DEFENSE  
DATE 2/16/89

HB 202  
Rep. B. J. Perschke  
Families who own

You, the representatives of the people and the Montana families who own the businesses you tax have many interests in common. Our state is 100 years old. The wholesale distributors have served this state since its territorial days more than 100 years ago. They are the lifeline for 100 or more cities to crossroads trading posts, providing a variety of products to our mutual constituents, the people.

The Montana wholesale distributors are charged with a responsibility which is extraordinary. The law requires wholesale distributors to PREPAY MILLIONS IN SPECIAL SALES TAXES. They provide a kind of banking service to the state. The state codes acknowledge the importance of the continued economic health of this business so that state revenues might continue to be reliable.

**HB 202 jeopardizes the continuing revenues from this business.**

In the days when they distributed their products, using horses and wagons, to the year before the state taxed cigarettes, the state licensed about 50 wholesale distributors. Today there are relatively few Montana families owning wholesale distribution companies. Just 11 Montana family-owned wholesale companies today. The rest are major multistate corporate warehouses.

This is a family business on the defense. ( A list of state licensed wholesale businesses is included in this presentation. )

DATE 3/1/77  
HB 202  
By [Signature] Cloud

I'm sure you've heard it said, "The cigarette tax belongs to the veterans."

I heard that early on when this bill surfaced this session. Tax is money and the money basically belongs to the small percentage of Montanans who are paying taxes for cigarettes. At least, the money once belonged to the cigarette smokers. With all of us who may spend more than we actually have in our pockets, using plastic cards, the legislature decided to spend more money than was currently available to construct state buildings. The legislature had the same problems as individuals do with their plastic cards.

There was overspending for more buildings than could be paid for with state revenue in hand. So the money that belonged to a small segment of our taxpayers now belongs to all those people out there who hold state building bonds. In short, the cigarette tax money — if it belongs to any one — now belongs to our people's debtors.

If no more buildings are constructed, through about 1996 — nearly the rest of this century — the state of Montana is counting on the cigarette smokers to provide an average of \$10,028,000 a year to get the state out of hock.

So, the cigarette tax belongs to many bond holders out there.

# SALES OF MONTANA - TAXED CIGARETTES HAVE PLUNGED TO ALL-TIME LOW

— SALES UNDER FIRST TAXING YEAR 1949 —

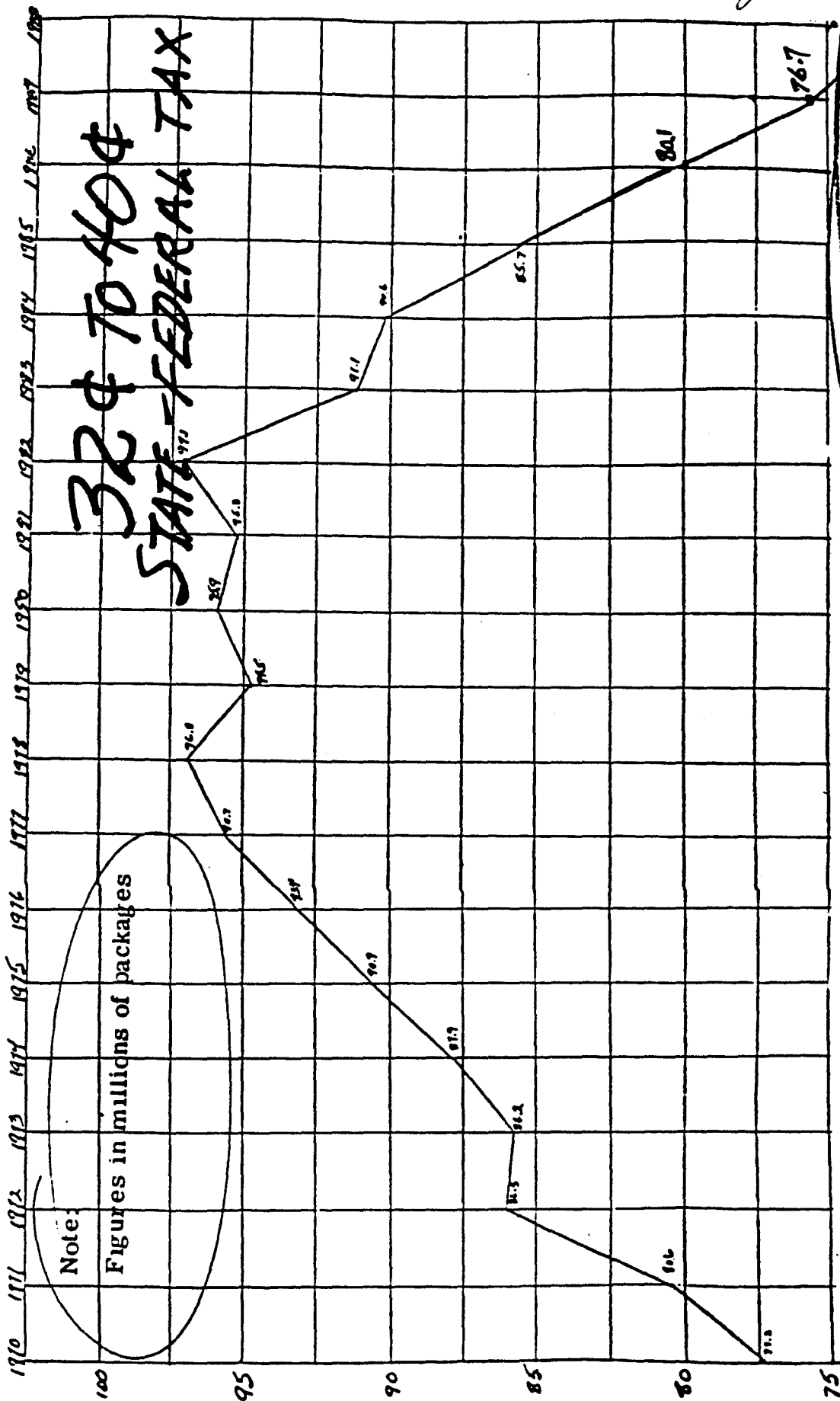


Chart and figures provided by Montana Department of Revenue

LOW 71.4 MILLION PACKS (TREND CONTINUING DOWN)

DATE 3/16/89

HB 202

Rep. B. A. ...

EXHIBIT 4  
 PREDATORY LEGISLATIVE ACTIONS  
 DATE 3/16/89  
 HB 202  
*Rep. B. Malone*

The flow of the cigarette tax revenue must be protected to protect the state's credit.

Some legislative actions — in the past, and in this session — are threatening to destroy the validity of the cigarette tax. Their impact has been dramatic. A charting of the cigarette tax demonstrates how severely it has been affected.

In 1982 the state and the federal taxes were increased to a total of \$3.20 for a pack of 20 cigarettes, to \$4. for a pack of 25 cigarettes. Consumers resisted. Not just the tremendous increase in tax. The smokers are bombarded daily, even from minute to minute, with media stories. Some scare the daylights out of you: Cut down cholestrerol. Eat Oat bran. Too fat? Exercise. Thousands of consumers, looking for an excuse, objected to the tax. They quit smoking. Just a few years back, we accepted figures that stated more than 60 per cent of adults enjoyed smoking cigarettes. Today we're looking at claims that perhaps 29 per cent of adults are smokers.

All these causes — and greatly increased tax is a major factor — has driven cigarette sales in Montana down, and down. Today we're looking at 1988 taxed sales which have plunged off the Department of Revenue chart.

This bill proposes to increase cigarette state tax 31.23 per cent. If enacted, it would mean about a 90 per cent increase in just six years. In that time the federal cigarette tax increased 100 per cent.

This is A PREDATORY TAX. A high court decision states that it is unconstitutional to use TAX TO DESTROY BUSINESS. Face it. There are those openly state that they want to drive cigarette business out. They will vote for an exhorbitant sales tax on cigarettes. The resulting sales plunge and such motives combine to reflect THEIR PREDATORY INTENT.

Add to the escalating taxation the current government actions.  
Governor pledges a 100 per cent tobacco free society.

A few Montana school officials have asked to legislate 100 per cent tobacco-free school buildings. Another bill, advancing here, allows 100 per cent smoke-free privately owned premises.

Today we debate a bill which would increase the state tax 2,000 per cent of the first cigarette tax. And the chart before us reflects the trend — the impact.

This is a PREDATORY TAX. A predator destroys.

We oppose HB202. We must realize IT PROPOSES TO TAX MORE AND MORE LESS AND LESS. The official tax figures tell us this.

In 1982 the state tax was 12 cents a pack. One cent netted \$941,667.

In 1987, tax was increased to 16 cents. One cent netted \$749,937.

WE ASSESSED MORE TAX. BUT THERE WAS A LOSS OF REVENUE BASE.

It's getting worse. A few years ago, the state's cash register was ringing in more than one million dollars a month in cigarette revenue. For the latest month — February '89 — cigarette revenues fell to one of the lowest month's returns in many years. The Department of Revenue shows a drop to \$600,000. The loss goes on. And it isn't just tax, but a combination of factors. Increasing tax is the trigger to loss by the state. Potentially, diversion of this source of revenue, and the loss trend will result in Montana being unable to meet its obligations.

Earmarking cigarettes for spending OTHER than repaying building debt IS NOT THE RIGHT THING TO DO.

VETERANS FOUGHT FOR ALL OF US

EXHIBIT

DATE 3/16/89

HB

202

*Rep. B. A. Barlow*

Montana veterans fought for all of us.

All of us should accept responsibility for their care.

And it is right for veterans to look to all of us for financial support.

It is NOT the right thing to do to force the burden of paying on a minority of adults — perhaps a couple hundred thousand of our total population.

The RIGHT thing to do is help our veterans through GENERAL taxation. Give all citizens the privilege of sharing in expressing their appreciation to veterans, letting ALL citizens share in their care.

EXHIBIT 4  
DATE 3/16/89  
HB 202  
*Rep. B.H. Perlowe*

## TO B A C C O I N M O N T A N A

### Rooted in History

The Lewis and Clark expedition crossed the Continental Divide near present-day Butte in August 1805 and came face-to-face with 60 mounted warriors. The explorers reached for tobacco and a pipe to communicate their peaceful intentions. Before smoking, Lewis wrote in his journal, the Indians sat in a circle and pulled off their moccasins, a custom indicating "a sacred obligation of sincerity".

Fur traders and prospectors followed and shortly there were ready markets for tobacco goods at the first trading posts and settlements.

Although America's first commercial crop is not grown in Montana, busy wholesale and retail tobacco operations in the state have long been dynamic economic forces.

### Growing Through the Economy of the Big Sky Country

A study by Chase Econometrics, published in 1985, examined the contribution of tobacco in 1983 to the national economy and the economies of 50 states.

One Chase finding demonstrates the magnitude of the golden leaf's effect on the state's economy. An estimated 1.6 percent of all Montana's private sector jobs are related to tobacco. That's the equivalent of one in every 62 jobs of all kinds.

Almost a third of these jobs are directly related to tobacco industry activity. The rest result from the multiplier or ripple effect as tobacco workers, their employers and essential suppliers spend their dollars for goods and services of other industries. These tobacco dollars thus support additional jobs that generate other incomes and spending flows -- because Montanans enjoy America's tobacco.

For instance, Chase traced the effect of tobacco worker spending on demand for the basics, such as housing, cars, food and clothing, whose consumption in turn leads to a broad range of demands for intermediate goods. Chase found Montana, 44th state in population, disproportionately high among states in induced effects on employment in mining, primarily oil and natural gas, in agriculture, in construction and in wholesale and retail trade. In just the four sectors, tobacco employee dollars supported 2,111 jobs, with more than \$31.1 million in wages and benefits. The

8 —

induced effect in all sectors was 3,317 jobs and more than \$53.656 million in compensation.

In all, tobacco sales and the paychecks of tobacco companies and their suppliers generated or supported 4,929 jobs and some \$78.9 million in incomes in Montana in 1983. The job figure is equal to more than half the entire population of Miles City.

### Paying Taxes to Benefit All Montanans

Nationally and in most states, tobacco is more heavily taxed than any consumer product. In fiscal year 1987, more than \$9.7 billion in excise taxes on cigarettes and other tobacco products was pumped into federal, state and local coffers. This tax money helps pay for everything from vocational training to public libraries.

In fiscal 1987, the U.S. Treasury received 16 cents for every pack of cigarettes sold in Montana. The state collected another 16 cents in excise tax per pack.

Montana also imposes excises on other tobacco products. In fiscal 1987 these netted the state \$720,332.

### Cigarette Tax Facts FY 1987

Federal tax .....	16¢
State tax .....	16¢
Total taxes per pack .....	32¢

### 1983 Tobacco Employment and Income Contributions to the Economy of Montana

#### Industry & Suppliers

##### Wholesaling

Jobs .....	163
Income .....	\$3,518,830

##### Retailing/vending

Jobs .....	699
Income .....	\$7,692,970

##### Tobacco Industry Suppliers

Jobs .....	751
Income .....	\$14,023,700

##### Induced by Employee Spending

Jobs .....	3,317
Income .....	\$53,653,400



EXHIBIT 4  
DATE 3/16/89  
HB 202  
*Reg. BTH Parlovich*

**Total Tobacco-related Effects**

Jobs ..... 4,929  
Income ..... \$78,888,500

**Cigarette Sales & Taxes FY 1987**

Packs sold ..... 76,700,000 (*71,400,000 IN 1988*)  
State tax net collection ..... \$11,999,000  
Federal tax collection ..... \$12,272,000  
Weighted avg. price per pack ..... 115.3¢  
Taxes as percent of avg. price before taxes .. 38%

**Sources:**

Chase Econometrics: The Economic Impact of the Tobacco Industry on the United States Economy in 1983, 150 Monument Road, Bala Cynwyd, PA 19004.

The Tobacco Institute: The Tax Burden on Tobacco, Vol. 22, 1987, 1875 I Street NW, Washington, DC 20006.

All job numbers represent full-time equivalent employment as calculated by Chase Econometrics. The concept tends to understate the number of persons employed because some tobacco employment is seasonal, requiring part-time workers. Many individuals in distribution and retailing are also involved with products other than tobacco.

All tax data are for the year ending June 30, 1987, except average retail price, taxes as a percent of pre-tax average retail price and the sales tax rate, which are as of November 1, 1987.

The Tobacco Institute  
May 1988

Montana Association of

# Tobacco and Candy Distributors

DATE

4  
3/16/89

FEBRUARY

1988 262

*Perlovich*

## MONTANA CIGARETTE WHOLESALERS' METER NUMBERS

License:

Associated Food	Billings	40661	845
Associated Food	Helena	42035	1530
Beaverhead Bar Supply	Dillon	40669	1803
Buttrey Food	Great Falls	40664	1638
East Mont Enterprises	Sidney	43600	505
Gierke Distributing Co.	Miles City	43593	1396
Glacier Wholesalers	Kalispell	40666	1380
Harkins Wholesale	Butte	40665	1804
HI LINE Wholesale	Wolf Point	40670	855
Pennington's	Great Falls	43597	1018
Pennington's	Havre	43599	1019
Pennington's	Shelby	43596	1017
F. T. Reynolds	Glendive	42036	522
Roach & Smith	Anaconda	43598	1134
Ryan's	Billings	43952 & 48255	1384
Ryan's	Great Falls	43602 & 48205	1385
Service Candy	Billings	43659	1533
Service Distributing	Bozeman	43601	512
Service Distributing	Livingston	41870	520
Sheehan's of Helena	Helena	43594	521
Sheehan Majestic	Missoula	43606	519
Spitz Wholesale	Missoula	40663	1810
U R M (IGA)	Libby	41873	498

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Missoula

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EXHIBIT 4  
DATE 3/16/89  
\$ 202  
Rep. BT Carlisle

DOLLARS AND CENTS RE: CIGARETTES

If H202 is enacted, the tax on a carton of packs of 25 cigarettes would be \$4.70 — \$2.70 state plus \$2.00 federal. Or, for a carton of packs of 20, the state-federal tax would be \$4.10 — \$2.10 state plus \$2.00 federal.

Reference to "cartons" is based on the Montana Department of Revenue current directive that sales be at legal minimum costs — plus the impact of SB445 if enacted.

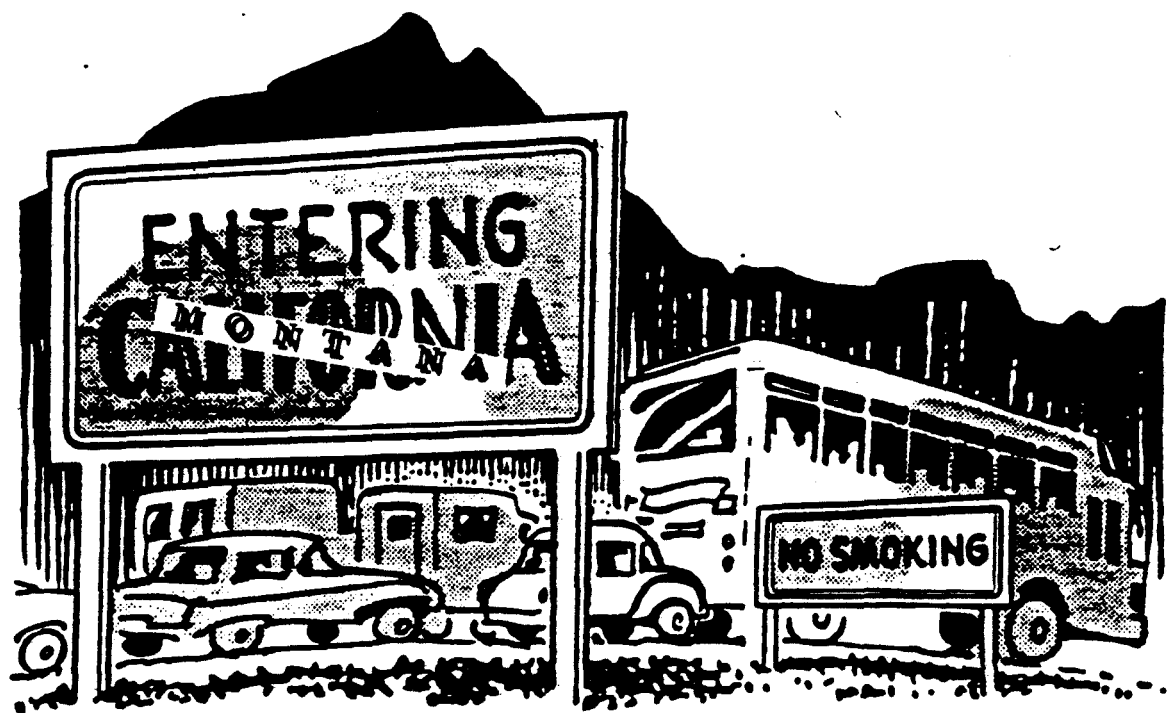
The selective sales tax has a regressive impact. It hits hardest the lower income people who spend all their income for day to day needs, as opposed to wealthier persons who spend only a portion of income. Manufacturers have recognized this low income market, by offering a low cost generic cigarette. One such generic is typical of most. Its manufacturer's basic cost is \$2.12 a carton, for regulars, kings or filtered cigarettes, If SB445 is enacted, the state-federal tax would amount to \$3.70 a carton (Pyramids). THAT'S 175 PER CENT ON THE MANUFACTURER'S BASE COST OF \$2.12. With such tax the cost to the consumer would be — after suppliers' markup — \$ 6.78 for a carton. The consumer would pay \$ 6.78 . Of this the tax would be \$3.70. Thus from the consumer's level, he would pay 120 per cent tax against the legal minimum cost of this product.

(For the several cigarette brands and styles, the Department of Revenue computes) (detailed computations for each base manufacturer's cost; with the detailed impact) (for the federal and state governments, the wholesaler (after he has prepaid taxes)) (the retail store, all on a carton basis; then for the consumer, for cartons and ) (one pack. Sample copies are available from the witness. )

Edited for application to S B 4 4 5, S B 4 2 6, H B 3 4 6, H B 2 0 2, H B 2 6 6, S B 2 6 6

HB 202  
Reg. Bill Parlovich

The Sacramento Bee Final • Tuesday, September 29, 1987



AMANT  
Sacramento Bee

Rep. Bill Parlow

You folks and myself have been working hard to keep this state economically strong and progressive. It takes teamwork and cooperation to accomplish what is good for this state, but I believe that HB202 does not take teamwork into consideration. <sup>I feel</sup> This bill is directed at me and our business even though it is not directly intended.

HB202 will further advance the decline in cigarette sales and threaten to wipe out the economic contribution of our business and our employees to this state. Service Distributing has 29 employees and passage of this bill will immediately threaten two positions and more in the future. This does not sound like legislation that is for the economic good of the state.

Throughout the last five years our company has worked greatly at diversifying our product lines yet cigarettes still account for over one-half of our sales and profits. A bill like this would be devastating to our business.

I support the veterans goals and believe that something does need to be done, but let us not do it at the economic expense of the state. Let's work together on this problem. Please vote AGAINST HB202.

Steve Buckner  
Service Distributing  
Bozeman

EXHIBIT

6

DATE

3/16/89

HB

202

Rep. B. J. Paslovic

I am Tom Stump and I oppose HB 202.

If I may start out this morning by reminding each of you your mission with regards to this committee. Your mission is to secure for the state sufficient revenues with which to operate in the forth coming year and beyond. This is best accomplished by relying on a tax base that is broad and ever growing. When proposing an increase in a tax area as this legislation is attempting to do, you must also consider not only what the direct impact will have but the secondary and tertiary impact as well. Further consideration must be given to the fact that this great state is in financial difficulty and must devote it's taxing efforts to generate monies to help fund it's own existence, void of specifically earmarking funds for various uses. And finally, however difficult, you should take into account the potential result of all legislation (including your counterparts in the Senate) that is being waged against tobacco products.

Excise taxes on cigarettes do not fall into this category. Cigarette consumption has and continues to be in a downward trend in this state. Historical data will confirm that with each rise in tax on this product, consumption goes down. That translates into a tax burden that is being shared by a continually shrinking group of people. When consumption goes down, profits generated by distribution concerns in turn go down. Decreased profits by these devoted Montana businesses result in decreased wages and jobs. This results in income taxes collected by the state to go down and again the state comes out the loser. However honorable

EXHIBIT

6

DATE

3/16/89

HB

202

Rep. Bob Perlovich

the reasons for this proposed tax is, you must take into consideration the overall impact.

As a vehicle for providing monies for the state building fund, tobacco pulls a heavy plow. At some point, the added burden will break the horse that pulls this plow and then where will we be able to turn? With this legislation, as with all legislation affecting this area, I fear you speed this scenario to it's conclusion. Each legislative session the tobacco industry and the people involved within it's structure become victims of easy prey. I beg you, leave well enough alone and VOTE NO ON HB 202.

Thank you.

Respectively submitted,

Tom Stump

Secretary/ Treasurer, Pennington's Inc. Great Falls,  
Shelby, Havre

President, Montana Association of Tobacco and Candy  
Distributors.

Exhibit 7 3/16/89  
HB 753

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Proposal for:



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Presented by: IGT-Montana, Inc.



Montana  
Association of  
Churches

MONTANA RELIGIOUS LEGISLATIVE COALITION • P.O. Box 745 • Helena, MT 59624

EXHIBIT 8

DATE 3/16/89

HB 613

March 9, 1989

CHAIRMAN HARRINGTON AND MEMBERS OF THE HOUSE TAXATION  
COMMITTEE:

I am Mignon Waterman and I represent the Montana Association  
of Churches.

The Montana Association of Churches opposes HB613 because  
we oppose the expansion of gambling in the state of  
Montana.

The Gaming Advisory Council spent the past eighteen  
months studying gambling in Montana and I believe we  
should heed their recommendations concerning the expansion  
of gambling in this state. They recommend, on page  
21 of their final report: That there should be "six  
months from the date of passage and approval of any  
bill authorizing new forms of gambling to study all  
relevant materials including information from other  
states so that well thought out rules and procedures  
can be adopted before the game is played in this state."  
This bill does not provide for that well thought out  
planning before legalizing blackjack. In fact, this  
bill would allow less than two months between the governor  
signing the bill into law and the date blackjack would  
be legal.

Many of the gaming advisory council recommendations  
are embodied in SB431 which will be heard in the House  
in the next few weeks. We believe that bill calls for  
major changes in gambling regulation in Montana and  
it should be implemented before there is any expansion  
of gambling.

Local governments do not have experience in establishing  
rules and regulations for gambling and as the attorney  
general's office pointed out at the first house hearing,  
this bill does not give anyone rule-making authority.

The Gaming Advisory Council also opposed local option  
gambling. They based that recommendation on a statewide  
public opinion survey that found that 96% of Montanans  
favor identical gambling regulation statewide.

In that same survey, the majority of those surveyed  
did not favor the legalization of blackjack.

To legalize blackjack without adequate planning and  
regulation is to open the door to widespread abuse and  
law enforcement problems. We urge that you do not pass  
HB613.

WORKING TOGETHER:

American Baptist Churches  
of the Northwest

Christian Churches  
of Montana  
(Disciples of Christ)

Episcopal Church  
Diocese of Montana

Evangelical Lutheran  
Church in America  
Montana Synod

Presbyterian Church (U. S. A.)  
Glacier Presbytery

Presbyterian Church (U. S. A.)  
Yellowstone Presbytery

Roman Catholic Diocese  
of Great Falls - Billings

Roman Catholic Diocese  
of Helena

United Church  
of Christ  
Mt.-N. Wyo. Conf.

United Methodist Church  
Yellowstone Conference



OFFICE OF THE GOVERNOR  
BUDGET AND PROGRAM PLANNING

STAN STEPHENS, GOVERNOR

STATE OF MONTANA

(406) 444-3616

HELENA, MONTANA 59620

EXHIBIT 9  
DATE 3/16/89  
HB 293  
*Rep. Ben Cohen*

STATE CAPITOL

M E M O R A N D U M

TO: Representative Ben Cohen

FROM: Ray Shackelford, Director *Shackelford*  
Office of Budget and Program Planning

RE: Fiscal Impact of HB 293 as amended by the House  
Taxation Committee

DATE: March 10, 1989

ASSUMPTIONS:

All the assumptions on the original fiscal note still apply. One additional assumption would need to be added.

Assumption:

The proportion of credits attributable to married filers with a combined earned income of \$40,000 or less and individuals or heads of households with earned income of \$25,000 or less is .6946 (Congressional Budget Office Tax Expenditure Report, Fiscal Years 1989-1993, March 8, 1988).

FISCAL IMPACT:

Revenue Impact:  
(Decrease in Revenue)

	<u>FY 90</u>	<u>FY 91</u>
Individual Income Tax	(\$ 1,442,801)	(\$ 1,514,027)
<u>Fund Information:</u>		
General Fund	(\$ 839,710)	(\$ 881,164)
Foundation Program	(\$ 458,811)	(\$ 481,460)
Debt Service	(\$ 144,280)	(\$ 151,403)
Total	(\$ 1,442,801)	(\$ 1,514,027)

# VISITORS' REGISTER

## HOUSE TAXATION

COMMITTEE

BILL NO. HB 767

DATE March 16, 1989

SPONSOR Rep. Bob Marks

[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 202DATE March 16, 1989SPONSOR Rep. Bob Pavlovich

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>Stere Buckner</i>	<i>Bozeman</i>		X
<i>JOAN DELANO</i>	<i>HELENA</i>		X
<i>TOM STUMP</i>	<i>GREAT FALLS</i>		X
<i>LARRY LANG</i>	<i>GREAT FALLS</i>		X
<i>Bernie Anderson</i>	<i>Helena</i>		X
<i>Lee Hanson</i>	<i>America Legion - Helena</i>	X	
<i>GENE PHILLIPS</i>	<i>KALISPELL</i>		X
<i>John Johnson</i>	<i>Blomington, MT.</i>	X	
<i>John Nelson</i>	<i>Helena</i>	X	
<i>Walt Whelrig</i>	<i>Helena EX-POW'S ADD C</i>	X	
<i>Rich Brown</i>	<i>MT Bd Lts Affairs</i>	X	
<i>Jim Decker</i>	<i>Dept of MT DAV</i>	X	
<i>John R. Morgan</i>	<i>Helena DAV</i>	X	
<i>THOMAS MADDUX</i>	<i>MT. Assoc of Tobacco &amp; Candy</i>		X
<i>Pat Mance</i>	<i>Philip Morris USA</i>		X
<i>Dennis Winters</i>	<i>Philip Morris USA</i>		
<i>Roger Tippy</i>	<i>Helena - RJ Reynolds Tobacco</i>		X
<i>Kathy Sparr</i>	<i>Glendive Forward</i>	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

# VISITORS' REGISTER

## HOUSE TAXATION

COMMITTEE

BILL NO. HB 753

DATE March 16, 1989

SPONSOR Rep. Bob Pavlovich

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE TAXATIONCOMMITTEEBILL NO. HB 764DATE March 16, 1989SPONSOR Rep. Bob Raney

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>James Burn</i>	<i>MONTAX</i>		<input checked="" type="checkbox"/>
<i>F.H. Buck Boles</i>	<i>MT CHAMBER</i>		<input checked="" type="checkbox"/>
<i>JAMES KELBLE</i>	<i>MADD</i>	<input checked="" type="checkbox"/>	
<i>TOM BILODEAU</i>	<i>MEA</i>	<input checked="" type="checkbox"/>	
<i>Tom Ebzey</i>	<i>Nervo</i>		<input checked="" type="checkbox"/>
<i>GENE PHILLIPS</i>	<i>KALISPELL</i>		<input checked="" type="checkbox"/>

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## COMMITTEE

March 16, 1989

Rep. Red Menahan

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

# ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 16, 1989 BILL NO. HB613

NUMBER 1

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

TALLY

LaDana John  
Secretary

Dan Harrington  
Chairman

MOTION: DO PASS. FAILED. VOTE REVERSED.

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# ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 16, 1989 BILL NO. HB 613

NUMBER 2

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

TALLY

*John*  
Secretary

*Dan Harrington* 9 9  
Chairman

MOTION: TO TABLE. MOTION FAILED.

# ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 16, 1989 BILL NO. 503

NUMBER \_\_\_\_\_

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

TALLY

*La Jara John*  
Secretary

*Dan Harrington* 9 9  
Chairman

MOTION: TO TABLE. MOTION FAILED.