

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, Chairman, on February 7, 1989, at 8:00 a.m.

ROLL CALL

Members Present: Senator Brown, Senator Hager, Senator Norman, Senator Eck, Senator Bishop, Senator Halligan, Senator Walker, Senator Harp, Senator Gage, Senator Severson, Senator Mazurek, Senator Crippen

Members Excused: None

Members Absent: None

Staff Present: Jill Rohyans, Committee Secretary  
Jeff Martin, Legislative Council

Announcements/Discussion: None

HEARING ON SENATE BILL 257

Presentation and Opening Statement by Sponsor:

Senator Rapp-Svrcek, District 26, sponsor, said the state collects the gas tax through the gasoline distributors who collect the tax and distribute it to the state of Montana. The only time the distributors dislike collecting this tax is when they must pay the tax on gas for which they have never been paid. This bill removes that inequity and grants the dealer a credit on a future tax payment to the state when a bad debt has been declared uncollectible. He felt the fiscal note was laughable as it requires a new FTE yet there are no operating costs involved for the FTE. The fiscal impact is a maximum of \$27,000 over the biennium which Senator Rapp-Svrcek felt did not justify a new FTE. All that would be required would be the noting of a credit on an account a little simple arithmetic. He said at worst there would be only about 100 entries per year. He felt the bill is a matter of fairness to the distributors and should be enacted.

List of Testifying Proponents and What Group they Represent:

Steve Visocan, President, Montana Petroleum Marketers  
Association

Ted Neuman, Montana Council of Cooperatives

List of Testifying Opponents and What Group They Represent:

Ken Nordtvedt, Director, Department of Revenue

Testimony:

Steve Visocan, Montana Petroleum Marketers, said he supports the bill as they should not have to pay the tax on gasoline for which they were never paid. He said Washington, North Dakota and several other surrounding states have this provision in their state law. He pointed out bad debts must be declared at the end of the fiscal year and written off on federal income tax which becomes the proof of the bad debt. This would then entitle the distributor to the credit. He said the total impact of the bad debt tax write-off for the biennium would be \$60,000 based on the past two years.

Ted Neuman, Montana Council of Cooperatives, expressed support for the bill. He noted when the gas tax was only eight or nine cents a loss was not terribly large. However, a twenty cent loss becomes much more significant. The gasoline industry is highly competitive and the profit margins are very small. The combined federal/Montana tax on a 10,000 gallon load of diesel amounts to approximately \$2900. The Montana tax portion of that amount is \$2000. Because the jobbers collect the tax for the state, they should be allowed the credit when they have a bad debt and cannot collect.

OPPONENTS:

Ken Nordtvedt, Director, Department of Revenue, stated opposition to the bill as he felt the state should not be involved in business dealings between the jobbers and their customers. He pointed out that the gas tax is a user fee which is used to support the highway system and the gas that is sold, whether the jobber collects or not, is still being used to travel the roads.

Questions From Committee Members:

Senator Gage felt there is going to have to be some coordination between these unpaid accounts and the people who are claiming off highways refunds. He expressed concern that more work would be required by the Department in that respect than was originally anticipated.

Senator Mazurek asked if the federal government has a similar credit.

Mr. Visocan said they do not.

Senator Eck asked Mr. Nordtvedt if there is a problem with the mechanics of the process or is it workable.

Director Nordtvedt said there is no problem with the mechanics of implementing the bill. The opposition is based on the user fee consideration. The gas has been delivered and is being used to travel the roads.

Senator Crippen feels the bill is setting a standard as far as the declaration of a bad debt and it should be specified.

Mr. Visocan pointed out the bill does specify that if the bad debt is ever paid the jobber will pay the back taxes to the state.

Closing by Sponsor:

Senator Rapp-Svrcek closed by saying he can appreciate the Department of Revenue not wanting to get involved in the debt collection between jobber and customer. However, he said the dealers are, in reality, unpaid employees of the state already as they collect the taxes and submit them. He repeated the gas dealers in the state operate on a slim profit margin and these uncollectible taxes can be very significant. He said this is a fairness issue and opposition to the bill by the Department is an abrogation of the pro-business stance advocated by Governor Stephens.

HEARING ON SENATE BILL 287

Presentation and Opening Statement by Sponsor:

Senator Lynch, District 34, sponsor, said this is a

straightforward 2 mill statewide levy to support vocational technical schools and the votech students of the community colleges. It also includes a 2% appropriation for the votech center in Northern Montana College. He pointed out there is not a replacement funding source for the local voted levy that local districts have provided votech centers over the years. Those levies will no longer be in effect since the transfer of the votech centers to the state. He contended the role of votech centers is becoming more important as the trend is to hire highly qualified workers versus well educated workers. There is a concern nationwide that there will be plenty of well educated people at the university level but the demand for skilled employees is growing every day. Senator Lynch noted that under the provisions of this bill every county will pay the two mills plus every county with a votech center will pay an additional one and a half mills. Community colleges are included in the bill as approximately 40% of those students are technically votech students.

List of Testifying Proponents and What Group they Represent:

Representative Bachini, Havre  
Carrol Krause, Commissioner of Higher Education  
Alex Capdeville, Director, Helena Votech Center  
Eric Feaver, Montana Education Association  
Terri Minnow, Montana Federation of Teachers  
Will Weaver, Director, Great Falls Votech Center  
Dennis Larum, Missoula Votech Center  
Andy Burton, Butte-Silverbow  
Erie Johnson, Billings Vo-Tech Center  
Bill Merwin, President, Northern Montana College  
Jim Fitzpatrick, Montana Council on Vocational  
Technical Education  
Harry Freeborn, Director, Butte Votech Center  
Don Kettner, President, Dawson Community College  
Howard Fryette, President, Flathead Community College  
Judson Flower, President, Miles City Community College

List of Testifying Opponents and What Group They Represent:

Dennis Burr, Montana Taxpayers Association

Testimony:

Representative Bob Bachini, District 14, Havre, supported the bill as it does benefit Northern Montana College which has a large vocational technical curriculum development center.

Carrol Krause, Commissioner of Higher Education, presented testimony in support of the bill (Exhibit #1). He said the bill designates 2 mills for post secondary vocational technical education with 2% of the mills to go to the Vocational Technical Research and Development Center at Northern Montana College. That center is not an academic program, rather it is designed to work with the votechs and community colleges to identify and development curriculum. This is a step toward a stable funding base for the votech centers which are now state institutions as well as for those votech programs in the community colleges.

Alex Capdeville, Director, Helena Votech Center, said Representative Donaldson's dream was to develop an adequate funding mechanism for the votech system. He said it is essential to have the solid base of funding to accompany the transfer of governance of votechs to the state in House Bill 39 of last session. The statewide two mill levy will provide an ongoing base and stability. He pointed out 2/3 of the enrollment of the Helena Votech Center is from outside the county. All the votech centers serve a statewide population. The votech centers have specialized training programs unique to their individual centers so that duplication of services is avoided as much as possible. He felt things had gone well during the transition period.

Eric Feaver, Montana Education Association, said this is an appropriate action on the part of the legislature. The MEA supported the transfer of the votech centers to the Board of Regents and also supported the 2 mill levy in the past. He pointed out that in so doing, the MEA lost the bargaining rights and the membership of all of the votech teachers at the four units that they had previously represented. He submitted that was a risk that needed to be taken in the interest of adequate and progressive funding of the schooling system in the state of Montana. He urged the committee to pass the bill.

Terri Minnow, Montana Federation of Teachers, which represents the faculty of the five votech centers, Dawson Community College, Northern Montana College and the classified employees of Flathead Community College, urged strong support of the bill. She said the bill is a positive and last legacy to a high quality statewide community college and vocational technical system of education.

Will Weaver, Director, Great Falls Votech Center, submitted his written testimony in support of the bill (Exhibit#2).

Dennis Larum, Director, Missoula Votech Center, said that since 1979 community support of the votech center has gone from 0 to \$725,000 by voted levy. That support is lost with the passage of HB 39. Their budget is apporximately \$2.6 million and that loss is a substantial segment of the budget. He said their enrollment is statewide based and they have a year waiting period for some of their programs. They need a stable source of funding and this bill would provide that base. He urged the committee to support the bill.

Andy Burton, Butte-Silverbow, supported the previous testimony. He said many of the students are non-traditional and have come from every county in Montana but one. Many of their programs are unique to their center such as the air conditioning and heating program. He said the funding is critical to the continued operation of the post secondary votech system and urged the committee to pass the bill.

Bill Merwin, President, Northern Montana College, said he feels flexibility is an important facet that votech centers offer. Northern is the center for curriculum development and research. Research deals with needs assessment re the oil and gas industry, agriculture, mining, tourism, etc. The research is very important to the resurgence of the economy of the state as well as providing ongoing data for the economic development of the state. One area identified through the research conducted last year was the acute shortage of registered nurses in the state. The nursing programs are being expanded currently based on that research. He urged support for the bill.

Jim Fitzpatrick, Executive Director, Montana Council on Vocational Education, presented his testimony in support of the bill (Exhibit #3).

Harry Freeborn, Director, Butte Votech Center, agreed with the previous testimony. He said the transition to the Board of Regents is working well, but it must have proper and adequate funding to continue to work well. He said this bill is a major step in that direction.

Don Kettner, President, Dawson Community College, said 40% to 50% of the enrollment at Dawson is in vocational technical education. Students attend Dawson from 30 counties in the state. He noted the programs unique to Dawson College, among them the law enforcement training program which will train 1200 highway patrol officers for the state. Land surveying, livestock tech and horsemanship, and agri-mechanics are other programs unique to that facility. He urged the committee to pass the bill as the local taxpayers are heavily burdened at 40 mills and this bill would give some relief in that area.

Howard Fryette, President, Flathead Valley Community College, said the college serves approximately 7000 students of various types annually. Last year they had students enrolled from 41 counties in the state. One of the reasons for this is, again, the curriculum which is unique to that college. An example is the forestry program as well as sawyer safety training.

Jud Flower, President, Miles Community College, presented a map depicting attendance areas of students at the college (Exhibit #4). He said it takes 15 mills of their tax base to support the out of county students out of the 42 mill tax burden. They are currently turning down students who want to enroll in the LPN nursing program because the demand is greater than the money to support the program. He noted the college is currently celebrating their 50th anniversary.

OPPONENTS:

Dennis Burr, Montana Taxpayers Association, said these are obviously very necessary and very vital programs to the state of Montana. The generic objection to bill is just the amendment of 1105 as a way of allowing mill levies to increase without requiring the legislature to reform the property tax system. He asked if \$3.6 million in additional revenue is really being provided or is it simply a way of freeing up a like amount of state funds to be used for other purposes. His objection is that there is shift from state level funding to the local property tax system.

Questions From Committee Members:

Senator Crippen said he understood the only nursing program was at Montana State University.

Mr. Krause said the baccalaureate degree program is at MSU and there is now a baccalaureate and associate degree at Northern. Miles City offers an associate LPN degree. He said the programs have developed in such a way as to allow for progressive movement through the programs.

Senator Gage asked how the Votech Council is funded.

Mr. Fitzpatrick answered it is funded at \$120,000 per year in federal funds.

Senator Bishop said he would like to see data which would track votech graduates to see if they are working in the field in which they have been trained.

Senator Brown expressed some concern that the bill was not properly before the Taxation Committee as it does contain a statutory appropriation.

Senator Mazurek said the money is actually appropriated through the budget and appropriations process. This just puts the money in the fund from which it may be appropriated. The actual appropriation measure starts in the House.

Senator Lynch said he fears the appropriation committee will view this as just replacement money rather than an appropriation for additional support for the votechs.

Closing by Sponsor:

Senator Lynch closed by saying the need is great, the time is now. He urged the committee to pass the bill.

## HEARING ON SENATE BILL 302

Presentation and Opening Statement by Sponsor:

Senator Mazurek, District 23, sponsor, said this is a small but important bill. Last November the voters passed



the six mill levy for the support of higher education and now it is the duty of the legislature to actually impose the levy and collect the tax. Ten years ago the legislature had to meet in a one day special session to pass this same legislation because it had not been submitted during the regular session. Senator Mazurek noted the legislature has the authority to impose this levy itself but has traditionally submitted it to a vote of the people.

List of Testifying Proponents and What Group They Represent:

Leroy Schram, representing the Commissioner of Higher Education  
Terri Minnow, Montana Federation of Teachers  
Brian Harlan, Associated Students of MSU  
Dennis Lynn, Chairman, Board of Regents

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Leroy Schram, representing the Commissioner of Higher Education, said this represents about 12% of the budget of the university system. It was passed by approximately 65% of the electorate and is not a new appropriation as it has been ongoing for 40 years.

Terri Minnow, Montana Federation of Teachers, expressed support for the bill.

Brian Harlan, Associated Students of MSU, expressed support for the bill.

Dennis Lynn, Chairman, Montana Board of Regents, said the levy was passed by an overwhelming vote of the people of the state and he urged passage of the bill.

Questions by Members of the Committee:      None

Closing by Sponsor:

Senator Mazurek closed.

DISPOSITION OF SENATE BILL 302

Discussion: None

Amendments and Votes: None

Recommendation and Vote:

Senator Walker moved SB 302 DO PASS. The motion CARRIED  
unanimously.

HEARING ON SENATE BILL 282

List of Testifying Proponents and What Group they Represent:

Senator Brown announced that Jeanne Doney would be  
allowed to submit her testimony on the bill as the  
storm had delayed her attendance at the hearing.

Jeanne Doney, Interdepartmental Coordinating Committee  
for Women

Testimony:

Jeanne Doney, Interdepartmental Coordinating Committee for  
Women, submitted her testimony in support of Senate  
Bill 282 (Exhibit #5).

Questions From Committee Members: None

DISPOSITION OF SENATE BILL 282

Discussion: None

Amendments and Votes:

Senator Halligan moved to amend the bill on page 1, line 17,  
as per the attached standing committee report (Exhibit  
#6). The motion CARRIED unanimously.

Recommendation and Vote:

Senator Halligan moved SB 282 DO PASS AS AMENDED. The  
motion CARRIED unanimously.

DISPOSITION OF SENATE BILL 257

Discussion:

Senator Mazurek expressed a concern about the clarity of the language in the bill which says if the customer pays the jobber only a portion of the bill and no more he gets no credit at all. He felt the jobber should be able to get the credit for the remaining unpaid and uncollectible portion of the bill.

Senator Gage suggested cleaning that up by using the language "on those gallons of gasoline" on page 4, line 15.

Senator Eck said she would appreciate having Norris Nichols look at the bill and make sure it is workable.

Senator Gage asked what happens if the distributor claims a bad debt on his income tax, is audited, and has the claim disallowed by the IRS. He said that is not addressed in the bill.

Amendments and Votes: None

Recommendation and Vote:

Senator Harp moved Senate Bill 257 DO PASS. Following the preceding discussion, Senator Harp WITHDREW his motion to allow for the concerns expressed by the committee members to be addressed at another meeting.

ADJOURNMENT

Adjournment At: 10:00 a.m.

  
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SENATOR BOB BROWN, Chairman

BB/jdr

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ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 2/7/89

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NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	X		
SENATOR BISHOP	X		
SENATOR CRIPPEN	X		
SENATOR ECK	X		
SENATOR GAGE	X		
SENATOR HAGER	X		
SENATOR HALLIGAN	X		
SENATOR HARP	X		
SENATOR MAZUREK	X		
SENATOR NORMAN	X		
SENATOR SEVERSON	X		
SENATOR WALKER	X		

Each day attach to minutes.

#

SENATE TAXATION

EXHIBIT NO. 1

DATE 2/7/89

BILL NO. SB 287

01-Feb-89

STATEWIDE 2-MILL PROJECTIONS

FY 90-91 BIENNIUM

	FY 90	FY 91
6-Mill projections- Legislative Fiscal Analyst	12,050,000	12,022,000
2-Mill projection based on 6-Mill	4,016,667	4,007,333
2% allocation to NMC	80,333	80,147
2-Mill balance to be distributed	3,936,333	3,927,187

ALLOCATION TO VO-TECHS & COMMUNITY COLLEGES

BASED ON FY88 VOCATIONAL TECHNICAL STUDENT FTE

	FYFTE	FY 90	FY 91
Billings Vo-Tech	398	538,927	537,675
Butte Vo-Tech	395	534,865	533,622
Great Falls Vo-Tech	473	640,484	638,995
Helena Vo-Tech	577	781,309	779,493
Missoula Vo-Tech	487	659,441	657,908
Dawson Community College	118	159,782	159,411
Flathead Community College	322	436,016	435,003
Miles Community College	137	185,510	185,079
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	2,907	3,936,333	3,927,187
	=====	=====	=====

TESTIMONY IN SUPPORT

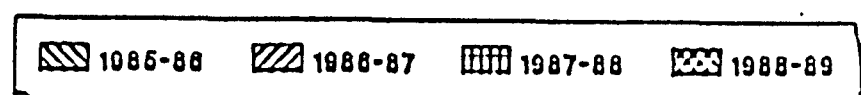
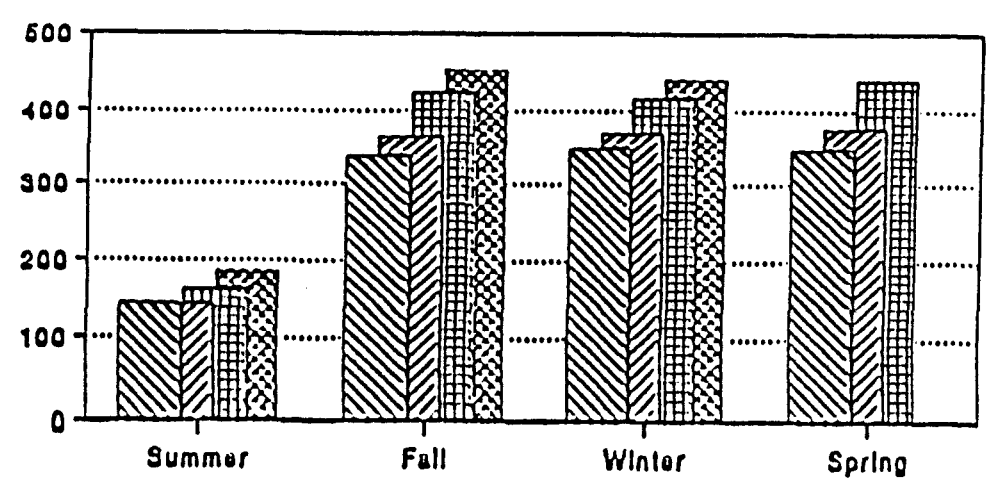
OF SENATE BILL 287

SUBMITTED BY

WILLARD R. WEAVER, DIRECTOR  
GREAT FALLS VOCATIONAL-TECHNICAL CENTER

- 1) The Great Falls Vocational-Technical Center has received additional funding beyond the monies appropriated by the legislature. House Bill 39 provided for an additional local School District levy to operate the vocational-technical centers for Fy 88 and Fy 89. The Great Falls Public School District provided in addition direct and indirect funding for services beyond the levy approved by the electorate. The replacement of these funds is necessary for the operation of the Center.
- 2) The Center provides education and training programs for individuals seeking entry-level employment, upgrading of skills, and retraining. These programs reflect present and future employment and technology needs. Because of this role and scope, Centers can become a cornerstone for economic development in Montana.
- 3) The vocational-technical centers are governed and operated as a statewide system. Programs which are offered only at the Great Falls Center are (1) Dental Assistant, (2) Emergency Medical Technician (3) Respiratory Therapist, (4) Child Care Specialist, (5) Jewelry, Watchmaking, and Microprecision Technology.

Great Falls Vo-Tech  
F.T.E.

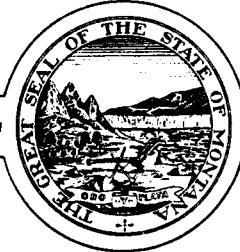


#3

SENATE TAXATION

MONTANA COUNCIL ON VOCATIONAL EDUCATION

EXHIBIT NO. 3  
DATE 2/7/89  
BILL NO. SB 287  
1228 11TH AVENUE



EXECUTIVE MANAGEMENT BUILDING

STATE OF MONTANA

(406) 444-2964

HELENA, MONTANA 59620

JAMES W. FITZPATRICK  
EXECUTIVE DIRECTOR

February 6, 1989

TO: Sen. Bob Brown, Chairman, Taxation Committee  
and Members

FROM: Jim Fitzpatrick, Executive Director  
Montana Council on Vocational Education

RE: Testimony in Support of Vocational Technical  
Education Funding

The Montana Council on Vocational Education respectfully submits the following testimony for adequate funding of Montana's postsecondary vocational technical education system.

Specifically, the State Council recommends:

"An equitable and stable funding system be established for Montana's postsecondary vocational technical education system. This funding system should be generated by a statewide mill levy or a separate appropriation, or a combination of the two."

Rationale: Montana's vocational technical education delivery system fulfills a significant role for preparing a skilled workforce and contributing to the economic development of our state. Growth of new industries and maintenance of our economic base depends on the availability of skilled workers. Also, major trends are shaping the education and training requirements of our state and nation. These include globalization of economic competition, technological change, a shift to service and informational industries, and changing demographics.

Montana's vocational technical education system is essential for providing educational preparation and skill training for our current and future workforce and for providing retraining and upgrading necessary for employees to maintain pace with technological advances and change.

Between 1986 and the year 2000, approximately 49,900 new jobs are projected for Montana. Overall, Montana's goods producing industries will provide about the same prospect as in the past. Service producing areas will provide more than 92% of Montana's new jobs. In other words, between 1986 - 2000, Montana can anticipate some 3,560 new jobs annually and 3,100 of these will be service producing. Service industries include regulated industries (transportation, communications, etc.), sales, financial services, government, business health services, education, etc. An illustration of Montana's workforce 1986 - 2000 appears below:

<u>Service Producing Industries</u>	<u>Goods Producing Industries</u>
1986 - 232,000	37,000
2000 - <u>278,000</u>	<u>41,000</u>
+46,000	+4,000

In total, Montana's future workforce will change as evidenced by the following statistics:

- o U.S. Department of Labor statistics say a worker will have six employers in a lifetime.
- o By the year 2000, 83% of the available jobs will not require a four year college education.
- o 14 of the 20 fastest growing occupations require vocational technical training, not a four year degree.
- o 1 million youth drop out of school each year at an estimated cost of \$240 billion.

In addition, our vocational technical education system must respond to changing work patterns, displaced workers, technological changes, updating and retraining employees with current skills, and preparing a workforce with state-of-the-art training and skills.





# MILES COMMUNITY COLLEGE

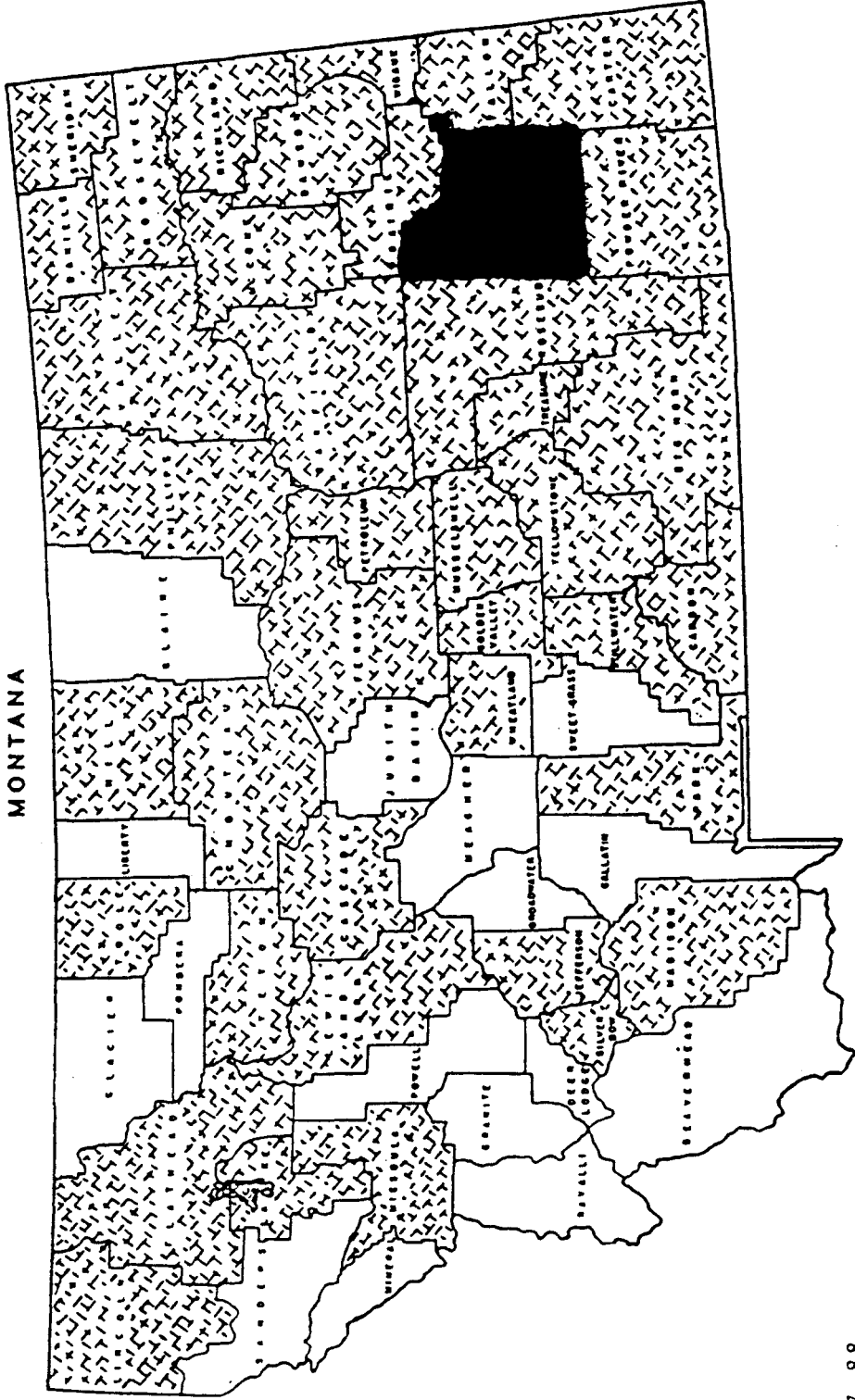


EXHIBIT NO. 4  
 DATE 2/7/89  
 BILL NO. SB 287

STATE TAXATION  
 EXHIBIT NO. 4  
 DATE 2/7/89  
 BILL NO. SB 287

1987-88

FULL-TIME STUDENTS ENROLLED FROM OUT-OF-DISTRICT MONTANA COUNTIES	
FALL QTR - 165 Students	from 36 Counties
WINTER QTR- 172 Students	from 37 Counties
SPRING QTR- 131 Students	from 35 Counties
AVERAGE - 156 Students	from 36 Counties

TESTIMONY PRESENTED TO THE  
SENATE TAXATION COMMITTEE -- SB282

February 6, 1989

SUBJECT: SB282 "An Act Providing A Credit Against Montana Income Taxes For Amounts Paid By An Employer For Dependent Care Assistance Provided To Or On Behalf Of An Employee; Amending Section 15-30-201, MCA; and Providing An Applicability Date."

Mr. Chairman, Members of the Committee:

My name is Jeanne Doney. I represent the Interdepartmental Coordinating Committee for Women, known as ICCW. ICCW was originally established in 1977 by Governor Judge and was re-established in 1981 by Governor Schwinden, through Executive Order No. 21-81. This committee was informed on January 12 that the Executive Order that established ICCW would be extended by Governor Stephen. Our main purpose, is "to identify policies and procedures in state government which directly or indirectly result in discrimination against women."

With that mission, ICCW has taken a close look at child care issues. We prepared an detailed report on child care titled "Current Child Care Concerns and Employer-Assisted Child Care Options". Information from the report is provided in an attachment, copies of the report are available on request. As author of that report, I was requested to testify on SB282 when

it was introduced. On that day I was forced to evacuate my family and was unable to attend the scheduled hearing. Please accept, for the record, my belated testimony.

ICCW's positions are as follows:

\* The Lack of quality affordable child care resources makes it difficult and sometimes impossible for women to fully and competitively participate in the workplace.

\* Many women have educated themselves to pursue professional careers and participate in the workforce to achieve personal goals but most women seek jobs for economic reasons. The lack of child care unfairly puts women at an economic disadvantage.

\* Balancing family responsibilities with responsibilities at the workplace creates stress for parents making it difficult for them to be as productive as they would like to be.

\* Despite preliminary data that indicates that productivity is increased and absenteeism is reduced when parents place their children in reliable, quality child care employers have not kept pace with the need for child care.

\* Current incentives are targeted primarily at larger employers because they require planning and financial resources to implement; several of Montana's larger employers offer some kind of child care assistance. But, Montana has few large employers.

\* SB282 provides an incentive that small business can adopt in the course of normal operations -- a tax credit.

\* Involving a large number of small employers with few employees will provide be an inexpensive solution to promoting child care resources, it is in fact an excellent vehicle to creating greater awareness and support of quality child care in those communities across Montana that have participating employers.

\* While women employed by state government will not directly benefit from the employer tax credit option, the increased awareness and statewide support of child care resources will enhance the resources available to all employed parents.

ICCW supports SB282 and urges that you vote in favor of the bill.

Thank you.

2/7/89

PAGE 4 OF THIS EXHIBIT IS MISSING FROM THE ORIGINAL MINUTES.

school-aged children has gone largely unaddressed. According to the Children's Defense Fund, Montana had a total of 8,000 licensed or registered child care slots in 1985, but the Montana Early Childhood Project estimates that in 1985, 49,828 Montana children--half of all children under the age of 9--needed child care services.

As women enter the work force, they usually carry with them the traditional responsibility of overseeing the welfare of their children. Whether arrangements are made by men or women, most parents get little support from their communities, employers or their government. Parents, who have very little information about the key elements of quality child care, make choices without adequate knowledge. Not having the ability to make informed choices, parents make about 70 percent of their choices on the basis of one criterion--an opening exists. Parents as consumers are, therefore, not effective in promoting quality standards in the industry.

The burden of arranging child care, with its associated uncertainties, might act to deter women from entering the workforce; but in today's economic climate, most families need the mother's income and child care is not optional. Women seek jobs because of economic necessity. For example, in 1982 only one job in four paid enough to support a family of four comfortably; in two-parent families the wife's earnings

constituted 38 percent of the family's income. For one-parent families, women's incomes are even more important; in Montana, one in seven families is headed by a single mother.

Parents find balancing work and household responsibilities difficult when both parents work or when the household is headed by a single parent. When child care arrangements are inconsistent or unreliable, parents experience stress and may be unable to concentrate on work tasks. Frequent changes in child care also cause stress and interfere with work. Helping employees in effectively combining work and family responsibilities by providing child care assistance helps to ensure that employees are as productive as they would like to be.

To assess the child care needs of employees, ICCW developed a survey based on a survey developed at the University of Missouri-Kansas City School of Education. The survey was adapted with permission of its author, Arthur C. Emien, Regional Research Institute for Human Resources, Portland State University. The information gathered provides insight into the child care arrangement parents make.

The ICCW survey was distributed with paychecks to 10,000 state employees in January 1988. An overwhelming 4,290 employees responded; 2,395 of the respondents were women and 1,895 men. Of those, 2,310 employees reported that they were parents with

themselves or are looked after by an older sibling part of the day. Parents of 236 children pay to have their children cared for by someone who comes into their own home, 1,267 children spend at least part of their day being cared for in someone else's home, and 478 children spend part of their day in a child care center.

According to the parents who supplied information, only 27 percent of the homes providing care are registered with the Department of Family Services; 91 percent of the centers used are licensed.

Parents responding to the survey claim that care for their children in day care homes and child care centers costs them about \$47,077 per week or \$2,448,004 per year.

Of all the arrangements, parents indicated they were most satisfied with center care. Second to that, parents prefer care provided by an adult in their own home. Least of all, parents like care provided in another's home and self care or care provided by a sibling.

Based on comments from 64 parents, self-care is applied through necessity at least some of the time. If affordable care were available after school, during holidays, and through summer vacations, parents would use that option.



One parent said, "Letting kids watch themselves for that amount of time is scary," and "Summertime is a working parent's nightmare."

In unsolicited comments, gathered through ICCW's survey, employees provided these impressions:

"I feel extremely fortunate in having been able to find excellent child care... Many of my friends have not been so lucky. Changing sitters is one of the most stressful situations known to womankind, and just knowing that there is adequate and available care (such as at or near the jobsite) would alleviate some of this stress--and probably increase productivity for the employee."

"I believe child care is important for both employee and employer. People with children need assistance to be able to devote themselves to the work rather than worry over family care."

"When child care arrangements are working satisfactorily, there are no problems. However, when arrangements must change for whatever reason, it is a strain that affects every aspect of my life."

National studies support these impressions. In one study of

companies that offer child care assistance, the majority of respondents reported that programs had positive effects on a variety of productivity measures. According to Dana E. Friedman, national child care expert and senior research associate at the Work and Family Information Center of the Conference Board, the companies that are currently providing child care assistance to their employees are doing so because they believe their involvement helps increase morale, productivity, and quality, and decrease accident rates, absenteeism, tardiness, and turnover.

Despite preliminary data showing that child care programs improve recruitment, help retain employees, increase morale, and reduce absenteeism, the number of firms offering child care has not kept pace with the increased need for child care. In the United States, there are 6 million employers. According to the Conference Board, a New York based research firm, only 2,500 companies were providing child care assistance to their employees in October 1985. This had increased in 1988 to 3,300 companies that offer some kind of child care assistance programs. Most of the companies currently offering child care are high-growth industries, which tend to experience labor shortages. These companies are offering child care assistance to be more competitive in the labor market.

In Montana, according to 1983 figures, about 31,737 workers are employed by federal, state, city and county governments--the

federal government is Montana's second largest employer. The General Services Administration is authorized to provide space, lighting, and office equipment to child care employers at no cost, provided half of the children served are children of federal workers. At this time, child care facilities for federal employees have not been established in Montana.

With just under 10,000 employees--of whom almost half are women--the largest single employer in Montana is the state. Like other major Montana employers, the state as yet does not offer any form of child care assistance to its employees.

Some small employers in Montana do provide child care services for their employees. On-site child care is provided by three employers:

St. Peter's Hospital - Helena

Community Hospital - Missoula

Great Falls Public Schools - Great Falls

St. Patrick's Hospital in Missoula supports a sick child care center. IBM contracts with a national firm, Work/Family Directions, and they in turn contract with Family Resources, Inc., of Helena to provide referral services to IBM employees. District 7 Human Resources Development Council in Billings also contracts with a national firm, Child Care Systems, for referral

services. Also in Billings, First Bank offers a cafeteria benefit plan with a child care system to its employees.

Though few small Montana businesses are taking the initiative to offer child care to their employees, small businesses are doing more than other employers. Of the larger private employers in Montana, St. Vincent's Hospital in Billings is currently exploring options; Montana Power Company reportedly offers either a reduced income or cafeteria benefit option to their employees; and Champion International, a national leader in child care benefits, has reportedly adopted a plan for its Montana employees. Other major private employers are not known to be offering child care assistance. Ranked by descending number of employees, these employers include:

Burlington Northern, Inc.

Sisters of Charity of Providence - Montana (health care)

Mountain Bell

4 B's Restaurants, Inc.

Montana Deaconess Hospital

K-Mart Corporation

Buttrey Food & Drug

Since existing incentives seem to have been unattractive to employers, a more aggressive incentive, like SB282's proposed tax credit might result in greater employer child care

involvement. Because SB282 would provide a tax credit, an incentive familiar to employers, it would be an effective mechanism to overcoming employer non-awareness whether or not employers choose to participate. Given its wide applicability to employers the bill might appear to be fiscally expensive but given that Montana, unlike other states, has few major employers it is unlikely that the majority of employers will immediately develop a system to offer the benefit to their employees. As creative employers set the example and demonstrate the techniques for implementing the option, the tax credit would be likely to gain popularity. Even with minimal employer participation SB282 would be an excellent opportunity to address Montana's child care needs while promoting awareness through employers to communities across Montana.

SENATE TAXATION

EXHIBIT NO. 6

DATE 2/7/89

BILL NO. SB 282

SENATE STANDING COMMITTEE REPORT

February 7, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 282 (first reading copy -- white), respectfully report that SB 282 be amended and as so amended do pass:

- 1. Page 1, line 17.
- Following: "by a"
- Insert: "registered or"

AND AS AMENDED DO PASS

Signed: Bob Brown  
Bob Brown, Chairman

*J.C.*  
*2/7/89*  
*1:54*  
*P.M.*

School Impact  
2-7-89



As of February 3, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT



HOUSE TAXATION

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



Heard Bill # Title  
2/1 5817 Property tax less on old cars  
(In Committee)

	<u>Total Education Impact</u>
	<u>FY90</u>
	(92,000)
	<u>FY91</u>
	(92,000)

	<u>Local Schools</u>
	<u>FY90</u>
	(59,000)
	<u>FY91</u>
	(59,000)

	<u>State Funds for Schools</u>
	<u>FY90</u>
	(33,000)
	<u>FY91</u>
	(33,000)

	<u>TOTAL</u>
	<u>(1,359,000)</u>
	<u>(1,982,000)</u>

\*An additional .7153 mills necessary to offset this loss or .59% income tax surcharge.

\*An additional 1.0432 mills necessary to offset this loss or .86% income tax surcharge.

1 (87,096) in 92; (44,916) in 93  
\* at 1.9m/mill  
at 2.3m/1% general income tax charge



School Impact  
2-7-89



As of February 3, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT

HOUSE TAXATION

Heard	Bill #	Title	State Funds for Schools FY90	FY91	Local Schools FY90	FY91	Total Education Impact FY90	FY91
1/12	HB55	Estimation of unclaimed property assessments (Transmitted to Senate)		no fiscal information		no fiscal information	no fiscal information	no fiscal information
1/20	HB125	Revise property tax freeze-inflation, mandated costs, voted charge (In Committee)	5,533,000	11,537,000	11,804,000	24,612,000	17,337,000	36,149,000
2/3	HB236	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	no fiscal note
TOTAL:			5,533,000	11,537,000	11,804,000	24,612,000	17,337,000	36,149,000

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



As of February 3, 1989  
OPI SCHOOL IMPACT REPORT

SENATE TAXATION

Heard	Bill #	Title	State Funds for Schools		Local Schools		Total Education Impact	
			FY90	FY91	FY90	FY91	FY90	FY91
1/12	SB1	Private coal royalty to be saved as federal and state (In Committee) (Transmitted to House)	(61,000) <sup>1</sup>	(61,000)			(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 (In Committee)		no fiscal information				no fiscal information
1/25	SB137	Election to forego carryback of NDL's of corporations (Committee Report--do pass) (Transmitted to House)		no fiscal information				no fiscal information
1/25	SB184	Eliminate tax on livestock and agricultural products (In Committee) (Passed out of Committee)	(1,030,000) <sup>2</sup>	(992,000) <sup>2</sup>	(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 (In Committee)	(4,089,000)	(4,031,000)	(8,980,000)	(8,852,000)	(13,069,000)	(12,883,000)
2/2	SB230	Allow property taxes to be paid in monthly installments (In Committee)		no fiscal note				no fiscal note
2/2	SB282	Credit for employer payment of employee dependent care assistance (In Committee)		no fiscal note				no fiscal note

School Impact  
2-7-89



As of February 3, 1989  
NANCY KEENAN OPI SCHOOL IMPACT REPORT



SENATE TAXATION

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

DATE 2-7-89

COMMITTEE ON Taxation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Opp
FRIE Johnson	Billings Vo-Tech	SB287	X	
Maryellen Bankol	Great Falls Vo-Tech	"	X	
Will Weaver	Great Falls Vo-Tech	"	X	
Dennis Burr	Clancy	"		✓
Howard Fryett	Flathead Valley C. Coll.	<del>SB287</del> SB287	X	
Brian Harlin	Assoc Students of MSU	SB302	X	
Steve Visoran	Montana Petroleum MIs	SB257	X	
P. J. Johnson	Butte Vo-Tech	SB287	X	
Carol Knauer	Comm of H. Ed.	SB287	X	
Don Keltus	Dawson Coll	SB287	X	
Barbara J. Vandemere	Montana University System	SB287	X	
Judson H. Flower	Miles Community College	SB287	X	
Eric Feap	MEA	SB287	X	
Alan Capobianco	Helena Vo Tech	SB287	X	
Rep Bob Barkum		SB287	X	
Kristin Deschamps	Assoc. Students of UPM	SB302	X	
Andy Brunton	Bulle-silver Bow	SB287	X	
Ferry Minow	MFT	SB302	X	
"	"	SB287	X	
MATT THIEL	MFT	SB287	X	
Stacy Farmer	ASMSU	282 302	X	
Joni Niklas	Uof M: MEA	302	X	