

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, Chairman, on April 6,
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

Members Excused: Senator Crippen

Members Absent: None

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

Announcements/Discussion: None

HEARING ON HOUSE BILL 566

Presentation and Opening Statement by Sponsor:

Representative Harrington, District, sponsor, said the bill authorizes local government to exempt a business incubator owned by a local economic development corporation from certain property taxes. He said small business incubators assist small businesses in their difficult start up years. The only incubator currently in the state is located in Butte. Passage of this bill would exempt \$12,000 in taxes on the incubator building in Butte. This will allow the incubator to remain in business. The exemption would have to be approved by the local government and the building could only be owned by a local non-profit economic development corporation. Representative Harrington said the bill should be amended to apply to state taxes also.

List of Testifying Proponents and What Group they Represent:

Jim Kamluck, Butte-Silverbow Business Incubator
Kay Foster, Billings Chamber of Commerce

Evan Barrett, Executive Director, Butte Local
Development Corporation
Jo Brunner, Montana Growth Through Agriculture Council

Neutral Testimony:

Director Nordtvedt, Department of Revenue

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Jim Kamluck, Butte-Silverbow Business Incubator, said the incubator was started just short of two years ago and has added 80 jobs to the community in that time. He said he is traveling all over the state to address communities who are interested in developing business incubators. He urged the committee to give the bill a favorable recommendation.

Kay Foster, Billings Chamber of Commerce, expressed support for the bill.

Evan Barrett, Executive Director, Butte Local Development Corporation, said the income of the incubator is \$50,000 a year. The expenses are running slightly more than that at this time. He said a \$12,000 tax bill would break the business at this point. He pointed out the incubator encourages small business to get established and on their feet by providing shared facilities and low cost office space. Increasing the charges to those businesses would be self-defeating for the incubator as well as detrimental to the businesses themselves. He said this will not only encourage business development in Butte, but across the state. Economic development should be highest priority of the state and this is one small way to help.

Jo Brunner, Montana Growth Through Agriculture Council, said the Council recently helped with financing of the Headwaters Incubator. Although this is an incubator without walls, she said other incubators will need buildings and all the help possible to begin and maintain successful operations.

Neutral Testimony:

Ken Nordtvedt, Director, Department of Revenue, said he is has a problem with the state component of the levy. This bill would give local government the authority to suspend state mills. His legal staff says this is unconstitutional as there is a constitutional provision which says the state of Montana cannot contract away its tax powers. This is what is being done if local government officials have the authority to determine whether or not state levies will be applied to property.

Questions From Committee Members:

Senator Halligan asked if the real problem is that banks are not loaning capital venture money.

Mr. Barrett replied that is the function of the incubator. They incubate fledgling businesses through the first three years so they can survive those critical financial times.

Closing by Sponsor: Representative Harrington closed.

HEARING ON HOUSE BILL 764

Presentation and Opening Statement by Sponsor:

Representative Raney, District 82, sponsor, presented the committee with charts prepared by the Department of Revenue explaining the impacts of the bill (Exhibit #1). He said the bill brings the Montana income tax more closely in line with the federal tax and provides progressive tax reform. It will make filing Montana taxes much simpler. It lowers the top marginal rate from 11% to 9%, however the effective rate of the tax in that percentage group will increase. The bill sets tax brackets at 3%, 5%, and 7% indexing those rates to 1980. The Montana standard deduction is eliminated, using instead the federal deduction of \$3000. The bill raises the limit on federal deductibility from Montana gross income to \$3500 for an individual and \$7000 for a married couple. It nearly eliminates all present Montana deductions and replaces them with federal deductions. The same filing status is required on both returns.

The bill affects corporations in two ways: it eliminates carryback of losses and limits carryforward to three years. It implements corporation alternative minimum tax at 4%.

List of Testifying Proponents and What Group they Represent:

James Kelble, Montana Alliance for Progressive Policy
Tom Bilodeau, Montana Education Association
Brenda Nordlund, Montana Women's Lobby

List of Testifying Opponents and What Group They Represent:

Dennis Burr, Montana Taxpayers Association
Tom Harrison, Montana Society of CPAs
Ken Nordtvedt, Director, Department of Revenue
Tom Ebzery, NERCO
John Nehring, Bozeman Taxpayer
Mike Holland, Montana CPAs Legislative Chairman

Testimony:

James Kelble, Montana Alliance for Progressive Policy, presented his testimony in support of the bill (Exhibit #2).

Tom Bilodeau, Montana Education Association, said the MEA supports this bill as being the best vehicle at present for tax reform. It is comprehensive and revenue producing.

Brenda Nordlund, Montana Women's Lobby, said she supports closing tax loopholes. The bill has a progressive base and is a good bill.

Opponents:

Dennis Burr, Montana Taxpayers Association, says the bill increases the personal income tax by 15% even though it does lower the top marginal rate. A good proportion of the increase in on the moderate income earner. The greatest increase in revenue in the bill comes from requiring married couples with two incomes to file joint returns in Montana if they file a joint federal return. The impact on income tax revenues comes from stacking the second income on top of the first so that

it is subjected to the highest rates and higher rates than the first income earner. The bill raises more money than the 10% surcharge did, however, the surcharge is still preferable to this bill. By limiting loss carrybacks and carryforwards, something detrimental is being done to new businesses in Montana. One of the purposes of carryforwards and carrybacks is to allow a company which has lost money in its first years of operations to recover that loss through the corporation tax codes. Limiting those provisions will discourage new business in the state.

Tom Harrison, Montana Society of CPAs, presented his testimony in opposition to the bill (Exhibit #3). He said the full impact of how the income tax is in the state has not yet been felt. It is generating \$50 million more than it was estimated to raise at the state level currently. The full impact is not even fully know yet and the federal income tax reform act has a tail on it with many things still not fully in place. As a result, the state income tax is going to be driven still higher. He said the bill is designed to keep Montana in a state of no jobs, no investments, no opportunity, children leaving, and declining schools.

Ken Nordtvedt, Director, Department of Revenue, said this bill is an insult to our intelligence when it is referred to as a tax reform bill. It moves against reform in many ways. The administration's idea of reform is to lower revenues in a fair way to the income tax sector, not add more onto the burden. The bill has a 2.6% increase in the effective tax rate. The limits of \$3500 and \$7000 affect the middle income tax payer. It hits hard the two worker household who because of the lousy economic climate in Montana are enjoying a lower per capita income than in 1978. He said the bill is a step away from reform and fairness.

Tom Ebzery, Nerco, addressed the alternative minimum tax. He said the House discussed a credit as contained in the federal tax code. It was not added to the bill at that time. Mr Ebzery submitted a proposed amendment to add a credit to the bill (Exhibit #4).

John Nehring, a taxpayer from Bozeman, said this is a cruel hoax. False claims are being made about this bill when

in reality every dollar of taxable income under \$28,000 is going to be taxed at a higher rate under the provisions of this bill. The claim of being offset by the standard deduction does nothing for those who are homeowners and do not take the standard deduction. Giving tax relief to those who are putting the biggest burden on the school system does not make much sense, especially when the burden is increased on those who contribute no drain to the school system at all.

Mike Holland, Legislative Chairman, Montana CPAs, agreed with previously stated opposition. He encouraged the committee to review the material enclosed in Exhibit #3. Mr. Holland said the CPAs strongly oppose the new provisions regarding corporate taxation. The impact of this bill would be very hard on corporate farms. They have strong reservations about the alternative minimum tax as there is no provision for credits. The federal codes are 100 times longer than the states and the rules will be 1000 times longer. He said there are better alternatives than this and urged the committee to seek them out.

Questions From Committee Members:

There was a brief general philosophical discussion which was not pertinent to the provisions of the bill.

Closing by Sponsor:

Representative Raney said the word reform is philosophical. It is his belief people should be taxed on the ability to pay. He said this bill is intended to that. The maximum rate of 9% is reached at \$18,000 adjusted income. Everyone pays 9% from that point on. He felt that was completely fair. He said we took away the individual's right to average and he can see no reason to treat corporations differently. He felt a new business would have no reason for a carryback and three years should be a sufficient carryforward time.

Representative Raney said his bill should reduce employees in the Department of Revenue by three or four - the sales tax will require 120 new FTEs. This bill will tax at a much fairer rate than a sales tax, he contended. He said a sales tax is, above all, a tax upon a tax. You make your money, you are taxed on your income, then you spend it and you are taxed again.

This bill is straightforward and not deceitful. Our current system is a farce. No one who is an 11% bracket pays 11%. Most of the 11% bracket taxpayers are paying 7.2%. That is an insult to the intelligence, he felt.

The bill is intended to raise revenue, to fund schools, to pay employees, and to do it in a progressive and straightforward manner.

HEARING ON HOUSE BILL 641

Presentation and Opening Statement by Sponsor:

Representative Quilici, District 71, sponsor, said the bill exempts industrial parks and port authorities from property taxes. It gives the local government officials the authority to make the exemption. The exemptions can only apply to property owned by a local economic development corporation.

List of Testifying Proponents and What Group they Represent:

Evan Barrett, Butte Economic Development Corporation
Chris Gallus, Butte-Silverbow

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Evan Barrett, Butte Economic Development Corporation, said economic development bills have not fared well this session. He felt the state should use its taxing powers to encourage economic development. This bill is an encouragement to economic development. He said one of the most important components for economic development is a platform for growth. There has to be land and facilities available. The basic infrastructure needs to be in place. Industrial parks are a proven way to develop economic development infrastructure. Butte supported Billings in their

quest to have Anheuser Busch locate there as they had the proper infrastructure in place and readily available. Many communities need to develop an industrial park to get the infrastructure in place. This bill enhances the ability of communities to do just that by alleviating the tax problems of local non-profit economic development corporations already holding land in industrial parks and enticing others to become involved in that area of development. When the land is sold for private development, it immediately goes on the tax rolls and the tax base expands. He presented a proposed amendment to the bill which would apply to state property taxes as well (Exhibit #5).

Chris Gallus, Butte-Silverbow, expressed support for the bill.

Questions From Committee Members:

Senator Eck questioned which entity, city or county, would make the exemption regarding school district taxes.

Mr. Barrett said the city could reduce the taxes paid to the schools which is not inconsistent with the law at present.

Closing by Sponsor:

Representative Quilici closed by saying he asked the budget office about the fiscal note and they said the effect would be minimal even with the amendments. The bill just gives some little incentive for businesses to move into an area where the infrastructure is already being developed.

HEARING ON HOUSE BILL 664

Presentation and Opening Statement by Sponsor:

Representative Schye, District 18, sponsor, said this is an alternative minimum tax bill which mirrors the new federal minimum tax bill. The maximum federal regular rate is 28% and the federal alternative minimum rate is 21%. Montana's regular rate is 11% and the alternative minimum tax rate is 8.25%. This bill would only go into effect if a federal alternative minimum tax had to be filed.

List of Testifying Proponents and What Group they Represent:

James Kelble, Montana Alliance for Progressive Policy
Tom Bilodeau, Montana Education Association
Brenda Nordland, Montana Women's Lobby
Don Judge, AFL-CIO

List of Testifying Opponents and What Group They Represent:

Tom Harrison, Montana Society of CPAs

Testimony:

James Kelble, Montana Alliance for Progressive Policy, presented his testimony in support of the bill (Exhibit #6).

Tom Bilodeau, Montana Education Association, said the MEA supports the bill.

Brenda Nordland, Montana Women's Lobby, expressed support for the bill.

Don Judge, Montana AFL-CIO, presented his testimony in support of the bill (Exhibit # 7).

Opponents:

Tom Harrison, Montana Society of CPAs, said the overall loopholes are deductions. This is the same thing as a bill which eliminates the deductibility of deductions. It just does it on a year to year rather than a continuous basis. The question is whether deductions should be eliminated by public policy or not. Medical deductions over the should certainly be retained, municipal bonds interest deductibility if eliminated would drive up the cost of building university and public buildings. It will drive up the cost of doing anything in the private bonding sector. Charitable contributions depend on the deductibility provision. It is not good public policy to punish people for this kind of charitable activity. Catastrophic loss in agriculture should not be taxed. These are not loopholes, they are specific provisions which provide a

specific and necessary benevolent function in the tax system. The tax benefit that goes with it is the trade-off. The benefit outweighs the cost in these areas. Passing this bill will result in adoption of a public policy which is injurious to the state.

Questions From Committee Members:

Senator Mazurek pointed out that SB 469 is contingent upon passage of this bill.

Closing by Sponsor:

Representative Schye closed by saying this is a fairness issue. People do not mind paying their taxes if they are fair.

ADJOURNMENT

Adjournment At: 10:00 a.m.



SENATOR BOB BROWN, Chairman

BB/jdr

MIN406.jdr

ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 4/8/89

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 <i>later</i>		
SENATOR SEVERSON	X		
SENATOR WALKER	X		

Each day attach to minutes.

State of Montana

Stan Stephens, Governor

HB 764
SENATE TAXATION

ENRIT NO. 104

DATE 4/11/89

BILL NO. HB 764



Department of Revenue

Ken Nordtvedt, Director

Room 455, Sam W. Mitchell Building

Helena, Montana 59620

March 31, 1989

Representative Bob Ream
Montana House of Representatives
Capitol Station
Helena, Montana 59620

Dear Representative Ream:

Per your request, enclosed is an analysis of the impact of the introduced version of HB 764.

The estimated revenue used in this analysis differs from the amount shown in the fiscal note. This analysis is based on the bill as drafted and includes additional revenue of roughly \$20 million per year.

I hope you find this information useful. If you have any questions, feel free to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "S. Bender".

Steve Bender
Acting Deputy Director

SENATE TAXATION

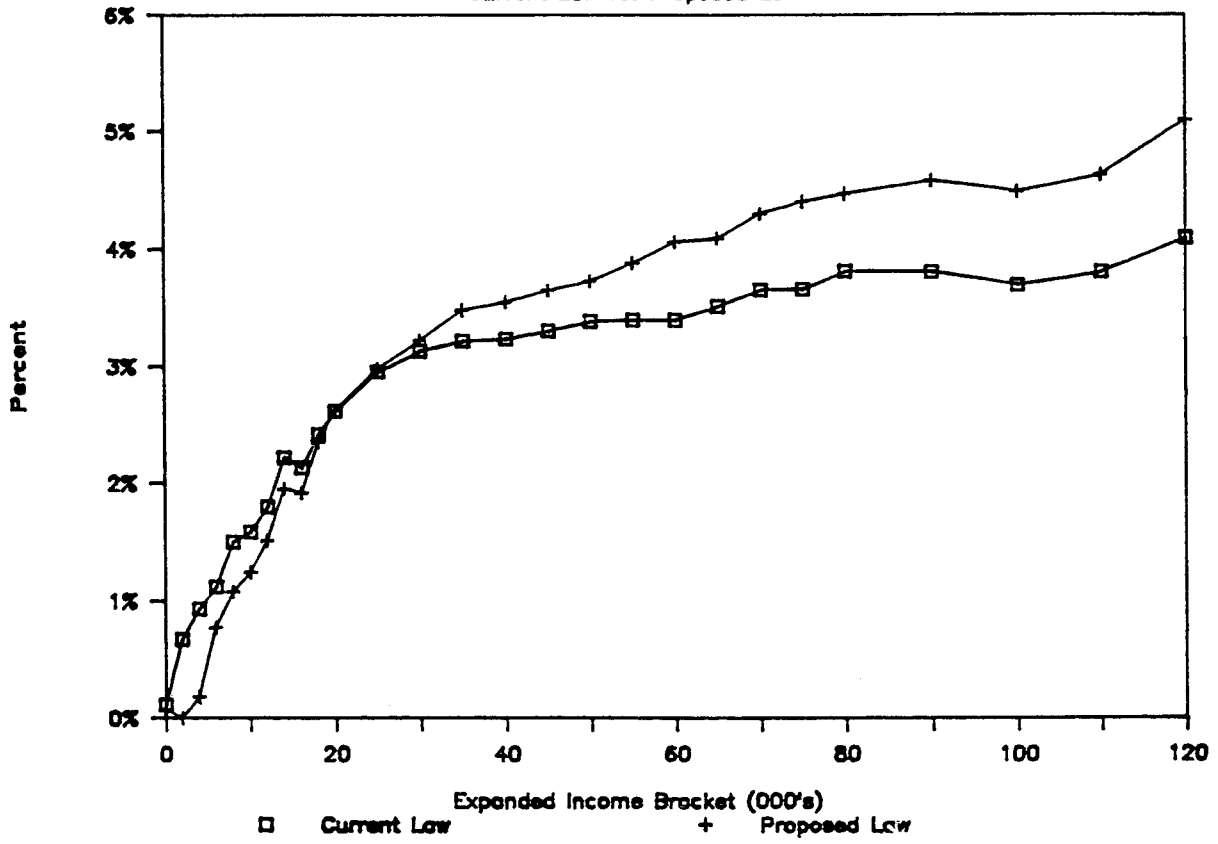
EXHIBIT NO. 1 P 3

DATE 4/6/89

BILL NO. HB 764

EFFECTIVE (AFTER FED. OFFSET) TAX RATES

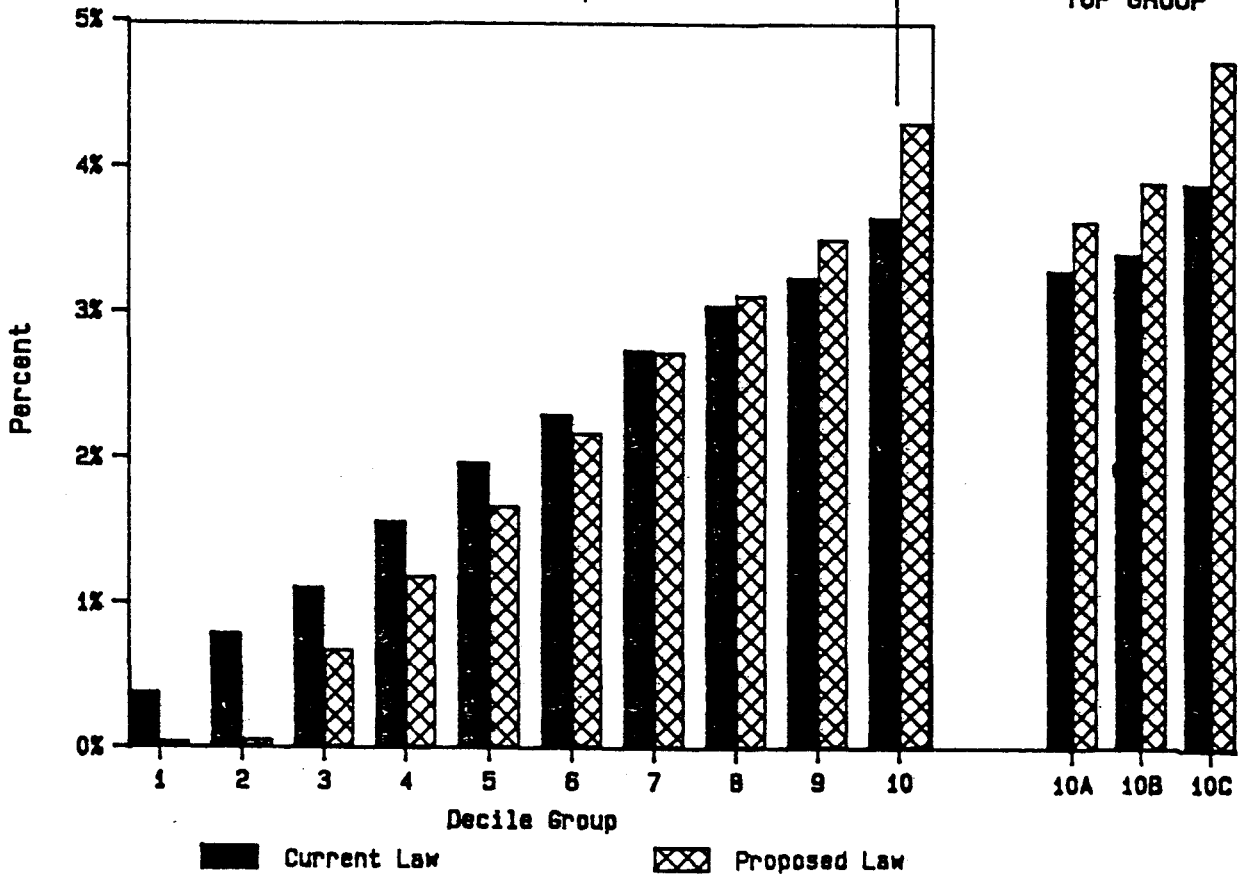
Current Law vs. Proposed Law



EFFECTIVE (AFTER FED. OFFSET) TAX RATES

Current Law vs. Proposed Law

BREAKDOWN OF TOP GROUP



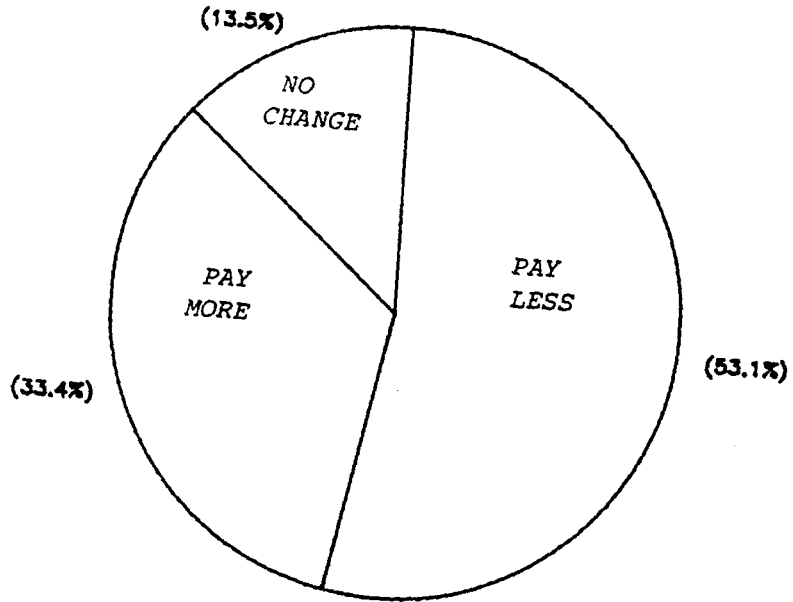
SENATE TAXATION

EXHIBIT NO. 104

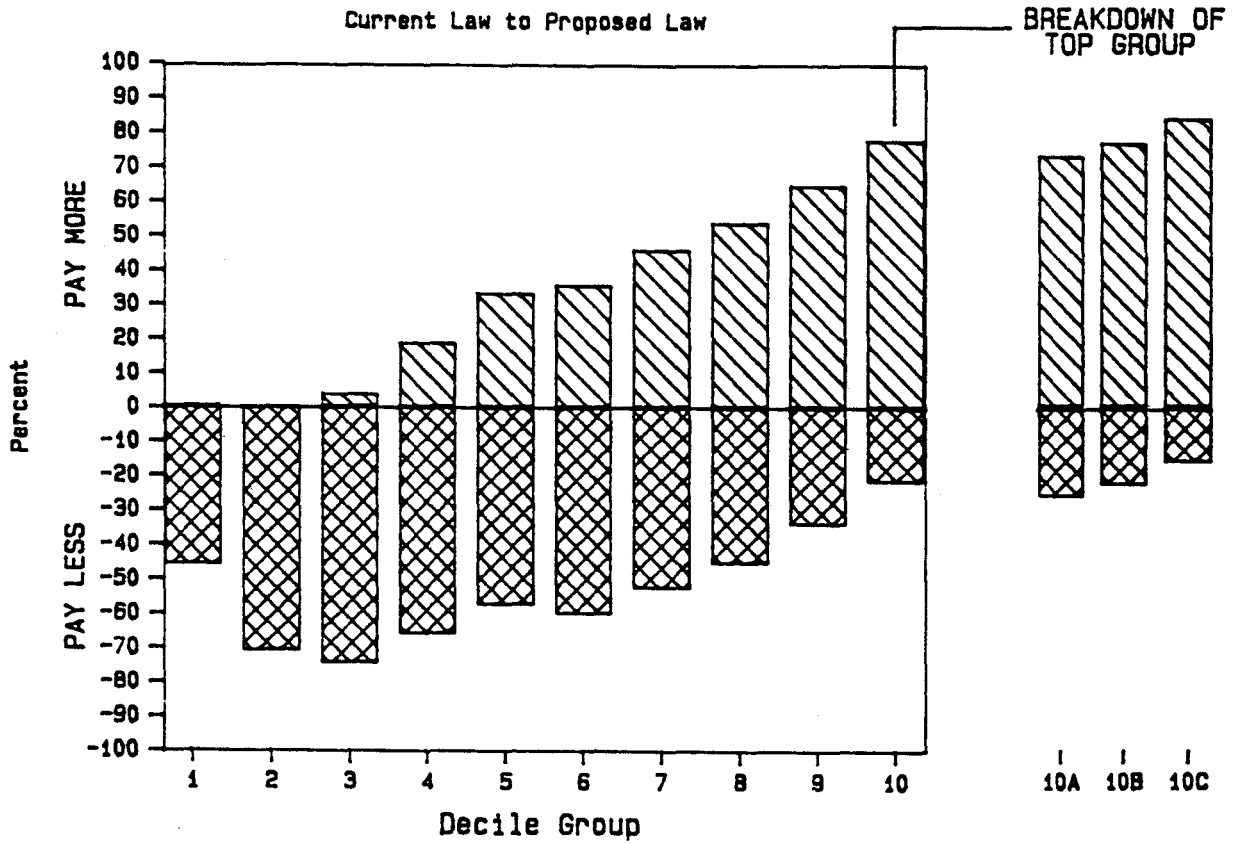
DATE 4/6/89

BILL NO. HB 764

% WHO CHANGE --- STATE INCOME TAX
Current Law to Proposed Law



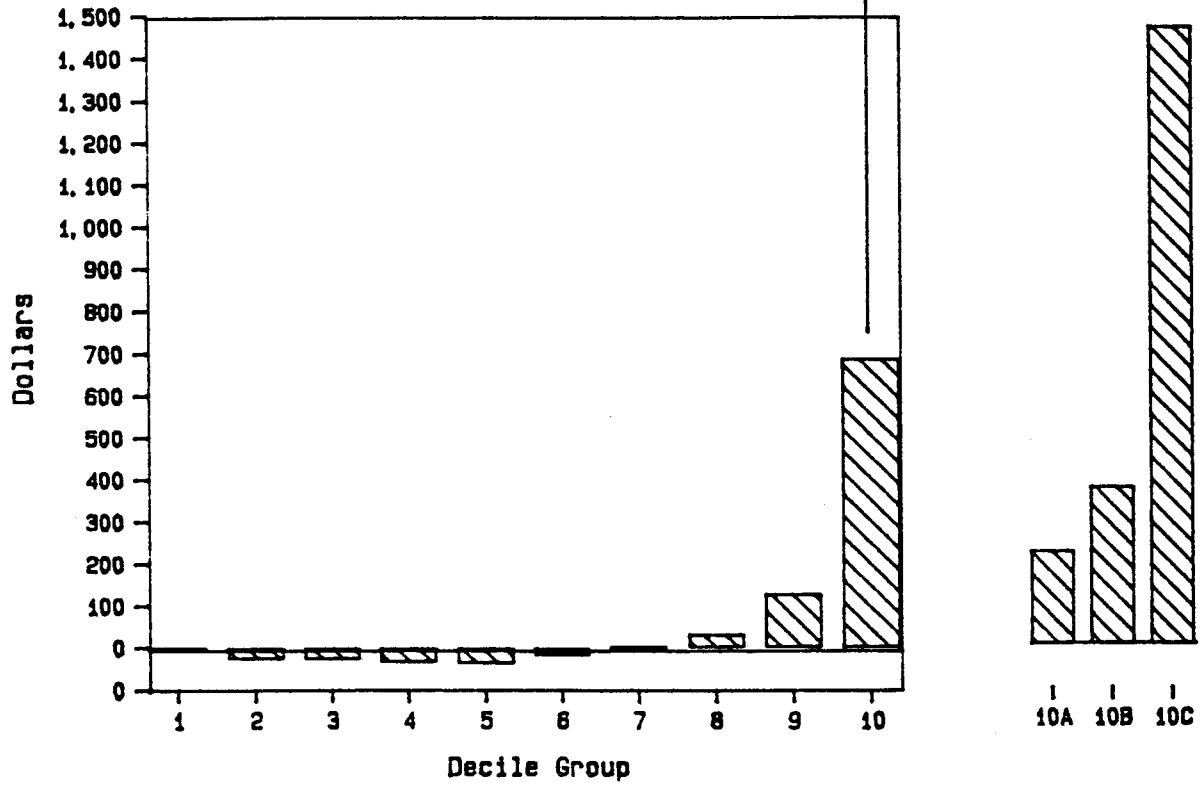
% WHO CHANGE -- STATE INCOME TAX



\$ CHANGE IN AVERAGE STATE TAX LIABILITY

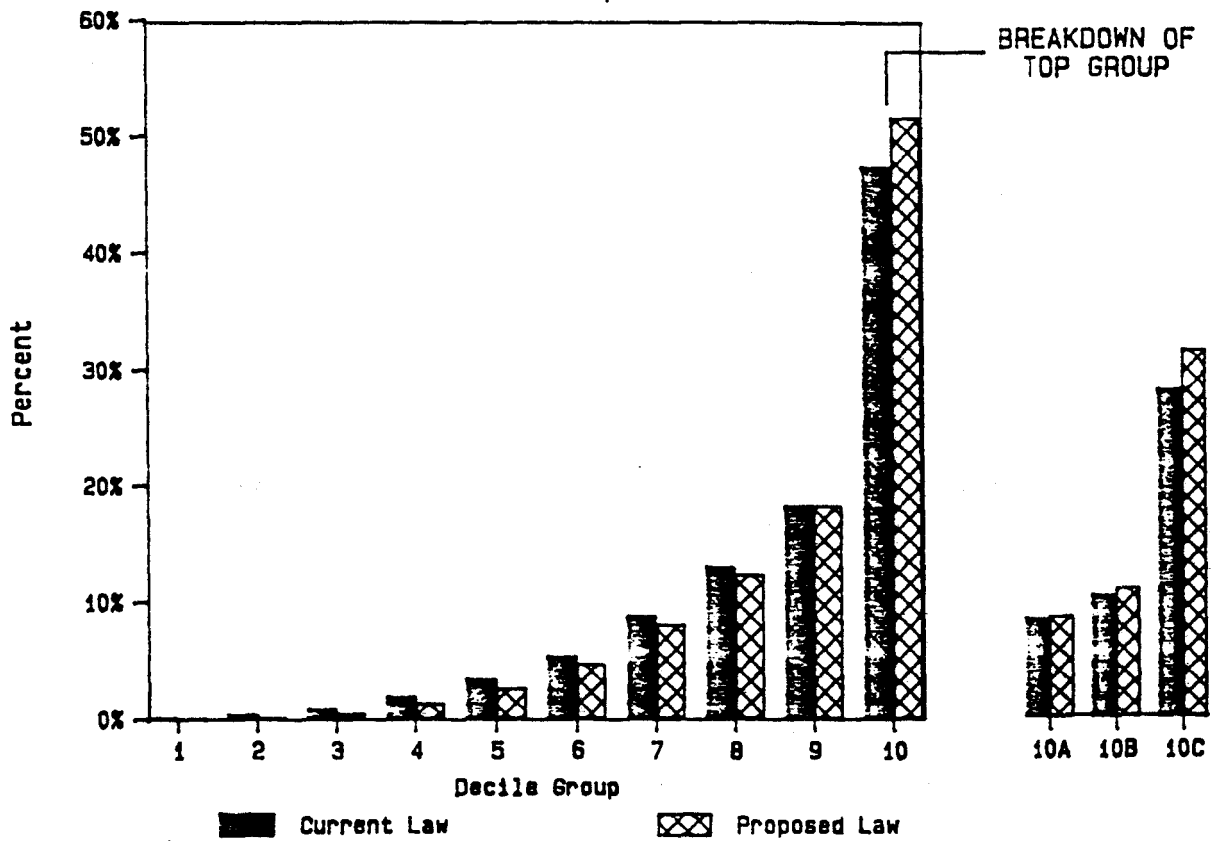
Current Law vs. Proposed Law

BREAKDOWN OF TOP GROUP



PERCENT OF TOTAL STATE TAX LIABILITY

Current Law vs. Proposed Law



10-11-64

A. EXPANDED INCOME BRACKETING.

NO. OF HSH. DS.	EXPANDED INCOME	CLB95TL	CLTLWFO	FLB95TL	FLTLWFO	CURRENT TO PROPOSED LAW NO. OF GAINERS	NO. OF LOSERS	CHANGE	PERCENTAGE OF: GAINERS	LOSERS	EFFECTIVE TAX RATES: CURRENT PROPOSED LAW	PERCENT OF TOTAL STATE LIABILITY: CL	PL	CHANGE IN A STATE LIABILITY CL TO FL
0	18,090	24,994	24,994	16,285	16,285	5,265	135	12,690	29.1%	0.7%	0.12%	0.01%	0.01%	-0.48
2	56,055	529,037	527,684	3,639	3,639	19,845	0	6,210	76.2%	0.0%	0.68%	0.00%	0.00%	-20.15
4	21,465	994,566	994,566	199,003	199,003	15,660	135	5,670	73.0%	0.6%	0.94%	0.45%	0.08%	-37.06
6	13,440	1,525,662	1,525,662	1,057,103	1,057,103	13,770	945	4,725	70.8%	4.9%	1.12%	0.78%	0.44%	-23.93
8	15,525	2,075,132	2,075,132	1,492,543	1,492,543	11,745	945	2,835	75.7%	6.1%	1.50%	0.94%	0.62%	-37.53
10	17,135	2,932,070	2,932,070	2,147,050	2,147,050	9,852	5,151	2,132	57.5%	30.1%	1.59%	1.36%	0.98%	-37.39
12	17,673	3,013,735	3,013,735	2,275,916	2,275,916	7,200	4,832	1,641	52.7%	35.3%	1.80%	1.46%	1.13%	-36.78
14	13,299	4,507,836	4,507,836	3,894,177	3,894,177	8,225	4,466	608	61.8%	33.6%	2.22%	2.03%	1.65%	-39.38
16	12,134	5,206,023	5,206,023	4,511,357	4,511,357	7,693	3,702	743	63.4%	30.5%	2.13%	2.04%	1.69%	-39.34
18	11,521	5,469,458	5,469,458	4,822,793	4,822,793	6,583	4,649	309	57.0%	40.4%	2.42%	2.47%	2.22%	-9.26
20	24,503	5,500,356	5,500,356	4,884,704	4,884,704	13,156	10,970	377	53.7%	44.8%	2.62%	6.84%	6.34%	5.27
25	20,627	5,962,279	5,962,279	5,157,715	5,157,715	9,718	10,745	164	47.1%	52.1%	2.95%	8.15%	7.62%	16.42
30	18,563	6,000,237	6,000,237	5,108,570	5,108,570	8,361	10,104	138	44.8%	54.4%	3.13%	8.92%	8.92%	41.83
35	13,812	6,002,646	6,002,646	5,254,173	5,254,173	4,625	8,975	212	33.5%	65.0%	3.22%	8.40%	8.40%	113.57
40	11,064	6,002,646	6,002,646	5,393,998	5,393,998	3,668	7,376	0	33.3%	66.7%	3.24%	8.05%	8.05%	159.82
45	7,463	6,002,646	6,002,646	5,503,320	5,503,320	1,966	5,445	52	26.3%	73.0%	3.35%	6.45%	6.45%	216.11
50	5,305	6,002,646	6,002,646	5,628,992	5,628,992	1,434	3,826	46	27.0%	76.1%	3.39%	5.37%	5.37%	244.53
55	4,982	6,002,646	6,002,646	5,762,589	5,762,589	945	3,127	10	23.2%	76.6%	3.40%	4.59%	4.59%	362.32
60	2,480	6,002,646	6,002,646	5,909,697	5,909,697	444	2,036	0	17.9%	82.1%	3.40%	3.05%	3.05%	556.58
65	1,701	6,002,646	6,002,646	6,059,095	6,059,095	341	1,360	0	20.0%	80.0%	3.52%	2.32%	2.32%	507.62
70	1,300	6,002,646	6,002,646	6,219,260	6,219,260	240	1,059	0	18.5%	81.5%	3.65%	2.02%	2.02%	605.85
75	921	6,002,646	6,002,646	6,393,118	6,393,118	118	812	1	12.7%	87.3%	3.66%	1.53%	1.53%	759.56
80	1,316	6,002,646	6,002,646	6,584,443	6,584,443	334	982	0	25.4%	74.6%	3.81%	2.44%	2.44%	755.27
85	859	6,002,646	6,002,646	6,795,636	6,795,636	123	735	1	14.3%	85.6%	4.53%	2.06%	2.06%	1007.69
90	621	6,002,646	6,002,646	7,029,618	7,029,618	57	531	0	14.5%	85.5%	4.49%	1.49%	1.49%	1165.57
95	443	6,002,646	6,002,646	7,289,614	7,289,614	385	385	1	12.9%	86.3%	3.81%	1.33%	1.33%	1289.30
100	2,636	6,002,646	6,002,646	7,570,602	7,570,602	231	2,005	0	10.3%	89.7%	4.10%	15.33%	17.54%	3733.59
TOTALS	285,648	6,377,502	6,377,502	221,521	221,521	151,649	95,433	38,566	53.1%	33.4%	2.94%	100.00%	100.00%	68.93

* WIND CHANGE PIE CHART:

B. DECILE GROUPINGS.

NO. OF HSH. DS.	EXP. INC.	CLB95TL	CLTLWFO	FLB95TL	FLTLWFO	CURRENT TO PROPOSED LAW NO. OF GAINERS	NO. OF LOSERS	CHANGE	PERCENTAGE OF: GAINERS	LOSERS	EFFECTIVE TAX RATES: CURRENT PROPOSED LAW	PERCENT OF TOTAL STATE LIABILITY: CL	PL	CHANGE IN A STATE LIABILITY CL TO FL
1	27,619	44,803,150	44,803,150	169,632	17,537	12,825	135	14,850	46.1%	0.5%	0.38%	0.09%	0.09%	5.37
2	30,375	118,812,218	118,812,218	935,338	65,878	21,600	0	8,775	71.1%	0.0%	0.79%	0.42%	0.42%	28.89
3	27,810	194,995,630	194,995,630	2,048,989	1,258,738	20,790	1,060	5,940	74.8%	3.9%	1.11%	0.30%	0.30%	81.54
4	28,431	273,802,463	273,802,463	4,267,235	3,347,672	18,768	5,371	4,292	66.0%	18.9%	1.56%	1.30%	1.30%	36.52
5	26,603	326,677,351	326,677,351	7,745,702	6,622,243	16,448	9,539	2,625	57.5%	33.3%	1.96%	3.5%	3.5%	33.68
6	28,375	512,937,187	512,937,187	11,756,348	11,126,465	17,069	10,139	1,168	60.2%	2.7%	2.25%	5.4%	5.4%	13.95
7	28,821	678,679,348	678,679,348	18,574,251	18,504,937	15,181	13,292	348	52.7%	46.1%	2.74%	8.7%	8.7%	2.31
8	28,722	863,335,400	863,335,400	26,443,482	27,083,696	13,055	15,484	183	45.5%	53.9%	3.04%	13.0%	13.0%	33.08
9	28,265	1,103,103,050	1,103,103,050	35,657,384	44,175,062	9,690	18,285	273	34.3%	64.7%	3.23%	18.2%	18.2%	123.25
10	29,452	1,193,834,450	1,193,834,450	80,170,463	124,539,321	6,223	22,117	112	21.9%	77.9%	3.65%	47.5%	47.5%	687.65
109	9,624	465,389,978	465,389,978	15,349,378	21,154,963	2,536	7,020	60	26.4%	72.9%	3.30%	8.5%	8.5%	224.86
109	9,351	537,283,922	537,283,922	18,346,618	26,882,965	2,143	7,168	40	22.9%	76.7%	3.41%	10.5%	10.5%	376.19
100	9,477	1,193,160,550	1,193,160,550	45,474,467	76,501,393	1,544	7,929	4	16.3%	83.7%	3.90%	28.2%	28.2%	464.97
TOTALS	285,648	6,377,502	6,377,502	221,521	221,521	151,649	95,433	38,566	53.1%	33.4%	2.94%	100.00%	100.00%	68.93

REPORT NO. 1 p. 8
H 3764

**TESTIMONY FOR HB 764
REVISING THE INDIVIDUAL INCOME TAX SYSTEM**

Mr. Chairman and members of the Senate Taxation committee, for the record my name is James Kelble. I'm here today representing the Montana Alliance for Progressive Policy in support of HB 764.

The 1989 Legislature has seen many attempts at reforming the state income tax system. I believe the voters of Montana have demanded that reform of the income tax system be done by this legislature in a fair and equitable manner. Some tax reform bills have gone a long way at simplifying the income tax system in attempts to make it more fair and equitable, while other tax reform measures have merely sought to help a particular group of taxpayers and cut taxes. The current fiscal situation of Montana is one in which revenue raising options must be considered in the current taxes, one of which is income taxes. I believe HB 764 is a vehicle in which money can be raised for the state's general fund in a fair and equitable manner.

Part of the call for income tax reform has been to reduce the high marginal rates in the state income tax. A better business climate is quite often heard as the reason for reducing the top marginal rate in Montana. HB 764 does reduce the top marginal rate in the state income tax system, in part by addressing the structure of the current income tax system in Montana. This bill also closes many of the loopholes in the income tax system, which many citizens feel are primarily benefiting those with the most ability to pay state income taxes. HB 764 also addresses the need to remove more of the taxpayers at the bottom of the income scale from the tax system. By broadening the base of the income tax, HB 764 is able to lower the top marginal rate from 11% to 9%. Unlike other income tax reform bills before this legislature, HB 764 does not tear down the existing state income tax system, HB 764 addresses areas of the current state income tax system that are unfair and inequitable.

While lowering the top marginal rate of the state income tax system, HB 764 addresses one of the largest influences on marginal rates in Montana, the deductibility of federal taxes. HB 764 caps the deduction of federal taxes at \$7000 and \$3500. Deductibility of any tax from the base of another has two effects: first, the extra burden on the taxpayer of the deducted tax is reduced by the marginal rate of the tax against which it is

deductible; and second, the net yield of the tax with the deductible feature HB764 is reduced, requiring higher nominal rates to obtain any given amount of revenue. Deductibility of state income taxes on federal returns reduces top marginal rates in the federal income tax system, and adding the deductibility of federal taxes in the state income tax system serves to make the state income tax system even less progressive. Since deductibility of the state tax in computing the federal tax already protects the taxpayer against excessive rates, removal of the deductibility of the federal tax against the state tax can provide additional revenue for Montana and improve and simplify state income taxes. Currently, only seven states with a state income tax allow full deductibility of federal income taxes, and four others allow partial deductibility. Montana is the only state in this group of eleven which also doesn't have a sales tax.

Other features of HB764 are the creation of three rates for state income taxes, 5%, 7%, and 9%. Another loophole that HB764 addresses is income splitting. HB 764 calls for the filing status on the state income tax to be the same as on the federal income tax of taxpayers. One of the inequities of the current state income tax system is that there is only one tax table for all filers, creating an advantage and an incentive for married couples to file separately. The most number of returns filed in Montana in 1987 was under married filing separately. The classic argument in favor of income splitting is that husbands and wives usually share their combined income equally. Married couples with the same combined income should pay the same tax irrespective of the legal division of incomes between them. The case for the sharing argument is most applicable to taxpayers in the lower income classes, where incomes are used almost entirely for the consumption of the family unit. At the top of the income scale, income splitting is primarily used to reduce income tax liability. The major rationale of income taxation is to reduce the economic power of the family unit, and the use made of income at high levels for family purposes is irrelevant for this purpose.

Other features of HB 764 are the creation of a corporate alternative minimum tax, providing standard deductions and exemptions in the same amount as federal income tax, a rise from the current state income tax system, limiting net operating losses to carryforward of 3 years instead of 5, and eliminating carrybacks.

The Montana Tax Burden

Prepared by
the Montana Society of CPAs

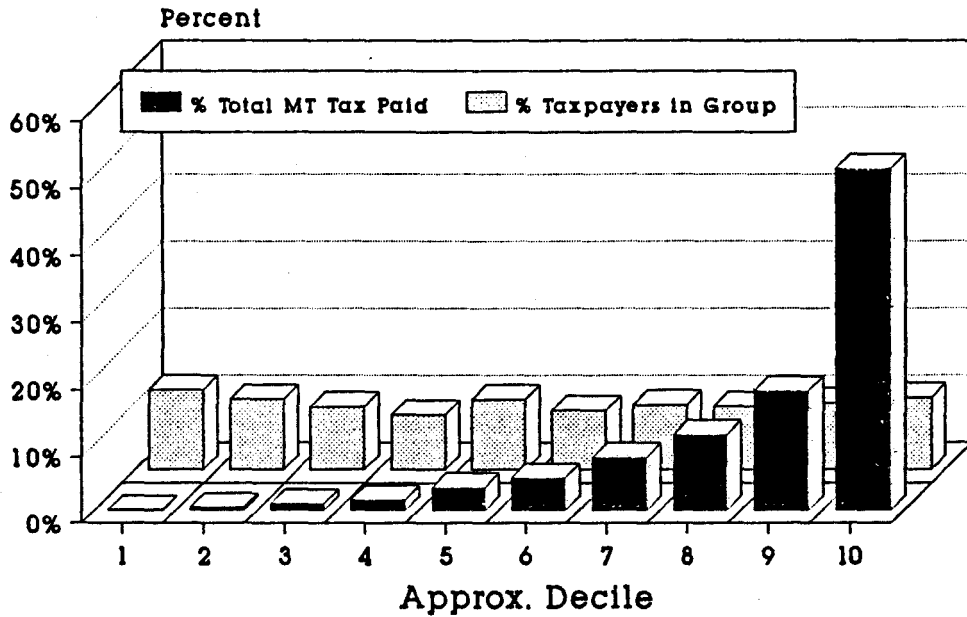
Based on Department of Revenue Data

Facts About the Tax Burden...

- ✓ Montanans with the highest 10% Adjusted Gross Incomes paid 50% of the state's total income tax.
- ✓ The "wealthy" top 10% category begins at an Adjusted Gross Income AGI of only \$31,000/year.
- ✓ An individual with an AGI of only \$23,000 would be in the top 20% . This includes laborers, farmers, government employees and professionals.
- ✓ High income Montanans do not escape paying taxes. The ratio of tax paid to Adj. Gross Income continues to climb even in the highest income brackets.
- ✓ The Top .6% of Montanans pay 14.5% of all income tax while the lowest 60% only pay 11.5%

Montana Tax Burden

Who Pays for Government?



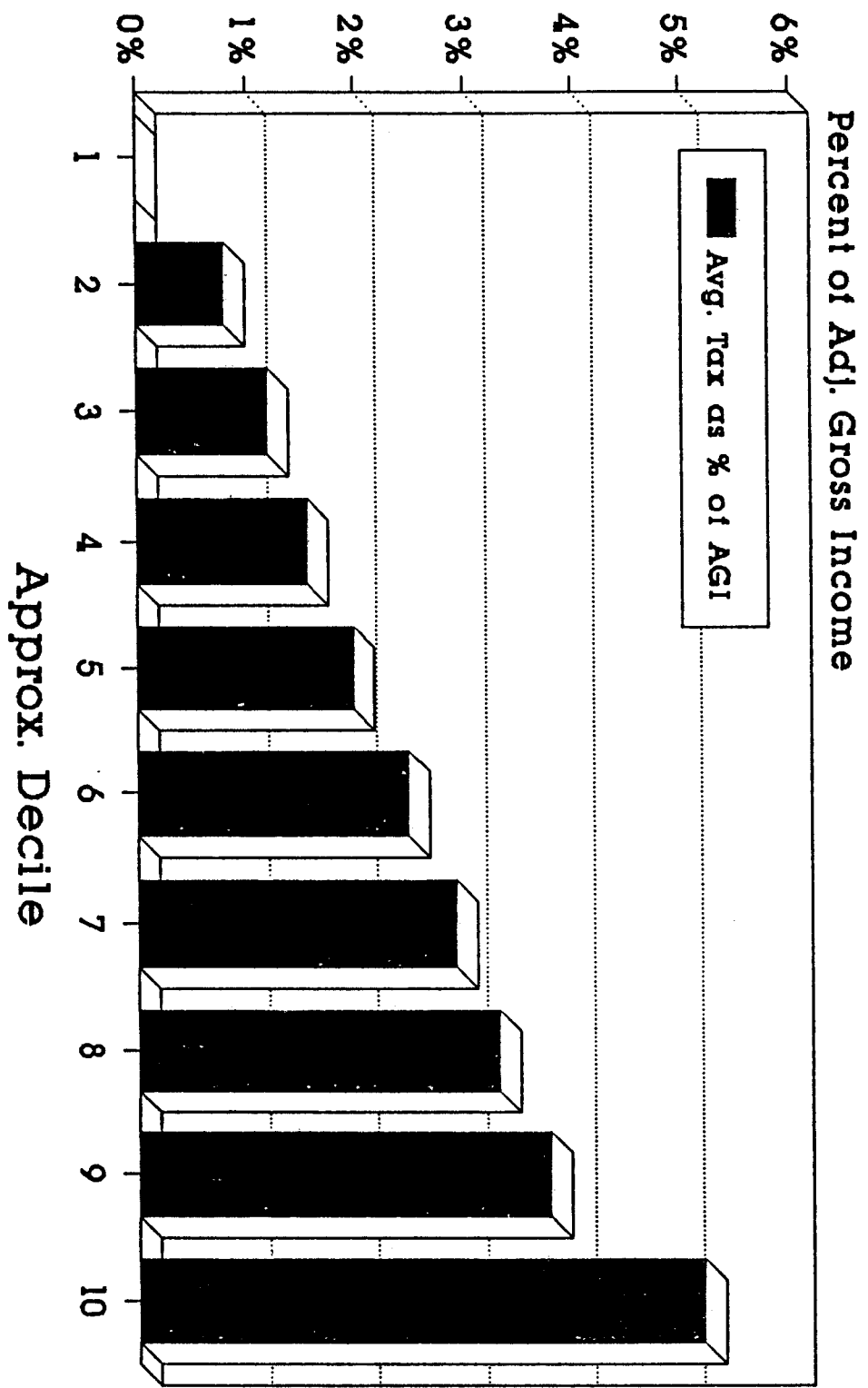
Based on Adjusted Gross Income.
Data From Dept. of Revenue

DECILE BREAK-POINTS:

Xth Ten % of Population	Adj. Gross Inc.
1st	<= \$1,999
2nd	2,000- 3,999
3rd	4,000- 5,999
4th	6,000- 7,999
5th	8,000- 10,999
6th	11,000- 13,999
7th	14,000- 17,999
8th	18,000- 22,999
9th	23,000- 30,999
10th	31,000- up

Montana Tax Burden

What Rates do Montanans Pay?



Based on Adjusted Gross Income.
Data From Dept. of Revenue

STATE TAXATION
 EXHIBIT NO. 3 p5
 DATE 4/6/89
 BILL NO. HB 764

RAW DATA MDOR REPORT

DEPARTMENT OF REVENUE DATA

MAGI Bracket	#Returns	Montana Adj. Gross Income	Montana Taxable Inc.	Diff. Between Gross and Taxabl	Tax Computed	Average Tax Payment	% OF TOTAL MT TAX PAID	AVG Tax as % of AGI
<= 0	13,616	(398,257,833)	0	(398,257,833)	0	0.00	0.00%	0.00%
1 999	14,101	7,686,417	848,937	6,837,480	18,824	1.33	0.01%	0.24%
1,000 1,999	21,117	31,985,841	5,200,040	26,785,801	115,945	5.49	0.05%	0.36%
2,000 2,999	22,019	54,896,498	16,175,280	38,721,218	365,918	16.62	0.16%	0.67%
3,000 3,999	20,997	73,401,455	26,183,293	47,218,162	643,949	30.67	0.28%	0.88%
4,000 4,999	19,758	88,771,934	35,625,746	53,146,188	965,902	48.89	0.42%	1.09%
5,000 5,999	18,821	103,383,482	44,518,801	58,864,681	1,325,279	70.41	0.58%	1.28%
6,000 6,999	17,436	113,123,386	52,168,591	60,954,795	1,662,194	95.33	0.72%	1.47%
7,000 7,999	16,261	121,854,517	59,403,817	62,450,700	1,998,723	122.92	0.87%	1.64%
8,000 8,999	15,223	129,253,217	66,126,685	63,126,532	2,338,426	153.61	1.02%	1.81%
9,000 9,999	14,128	134,174,953	71,476,254	62,698,699	2,659,905	188.27	1.16%	1.98%
10,000 10,999	13,533	142,009,102	78,349,765	63,659,337	3,044,774	224.99	1.32%	2.14%
11,000 11,999	12,744	146,451,063	83,409,685	63,041,378	3,385,462	265.65	1.47%	2.31%
12,000 12,999	12,186	152,224,708	89,662,426	62,562,282	3,800,745	311.89	1.65%	2.50%
13,000 13,999	11,421	154,159,960	92,123,115	62,036,845	4,054,252	354.98	1.76%	2.63%
14,000 14,999	10,893	157,860,025	95,549,195	62,310,830	4,351,427	399.47	1.89%	2.76%
15,000 15,999	10,159	157,406,787	96,401,038	61,005,749	4,534,596	446.36	1.97%	2.88%
16,000 16,999	9,691	159,837,305	98,374,721	61,462,584	4,762,195	491.40	2.07%	2.98%
17,000 17,999	9,000	157,484,360	96,977,168	60,507,192	4,822,409	535.82	2.10%	3.06%
18,000 18,999	8,687	160,645,487	99,414,706	61,230,781	5,082,272	585.04	2.21%	3.16%
19,000 19,999	8,311	162,039,816	100,645,051	61,394,765	5,282,216	635.57	2.30%	3.26%
20,000 20,999	7,628	156,332,235	96,464,915	59,867,320	5,167,024	677.38	2.25%	3.31%
21,000 21,999	7,221	155,196,887	96,606,128	58,590,759	5,305,510	734.73	2.31%	3.42%
22,000 22,999	6,964	156,642,434	97,247,966	59,394,468	5,448,271	782.35	2.37%	3.48%
23,000 23,999	6,517	153,126,397	95,428,157	57,698,240	5,463,334	838.32	2.38%	3.57%
24,000 24,999	5,977	146,362,517	90,603,012	55,759,505	5,283,311	883.94	2.30%	3.61%
25,000 25,999	5,644	143,857,163	89,953,283	53,903,880	5,351,769	948.22	2.33%	3.72%
26,000 26,999	5,181	137,267,040	84,950,332	52,316,708	5,128,644	989.89	2.23%	3.74%
27,000 27,999	4,901	134,732,081	84,217,014	50,515,067	5,190,152	1059.00	2.26%	3.85%
28,000 28,999	4,676	133,265,185	82,978,444	50,286,741	5,194,210	1110.82	2.26%	3.90%
29,000 29,999	4,210	124,144,084	77,556,408	46,587,676	4,934,874	1172.18	2.15%	3.98%
30,000 30,999	3,853	117,490,589	73,788,252	43,702,337	4,778,824	1240.29	2.08%	4.07%
31,000 31,999	3,505	110,334,833	68,664,802	41,670,031	4,491,563	1281.47	1.95%	4.07%
32,000 32,999	3,180	103,323,428	65,093,949	38,229,479	4,338,555	1364.33	1.89%	4.20%
33,000 33,999	2,929	98,080,432	61,612,679	36,467,753	4,156,129	1418.96	1.81%	4.24%
34,000 34,999	2,766	95,420,517	60,276,429	35,144,088	4,127,471	1492.22	1.80%	4.33%
35,000 35,999	2,439	86,554,121	54,889,328	31,664,793	3,809,352	1561.85	1.66%	4.40%
36,000 36,999	2,260	82,461,028	52,008,818	30,452,210	3,643,093	1611.99	1.58%	4.42%
37,000 37,999	2,070	77,593,764	49,017,647	28,576,117	3,473,170	1677.86	1.51%	4.48%
38,000 38,999	1,843	70,950,090	44,692,331	26,257,759	3,201,206	1736.95	1.39%	4.51%
39,000 39,999	1,661	65,603,882	41,364,824	24,239,058	2,995,110	1803.20	1.30%	4.57%
40,000 49,999	10,533	465,457,555	293,854,512	171,603,043	22,304,684	2117.60	9.70%	4.79%
50,000 59,999	4,267	231,697,235	145,709,540	85,987,695	11,921,182	2793.81	5.19%	5.15%
60,000 69,999	1,998	128,850,223	81,413,612	47,436,611	7,040,922	3523.98	3.06%	5.46%
70,000 79,999	1,154	86,025,971	53,987,317	32,038,654	4,866,344	4216.94	2.12%	5.66%
80,000 89,999	764	64,653,639	40,082,303	24,571,336	3,740,868	4896.42	1.63%	5.79%
90,000 99,999	501	47,570,660	30,131,861	17,438,799	2,910,777	5809.93	1.27%	6.12%
100,000 109,999	364	38,110,463	23,650,025	14,460,438	2,333,700	6411.26	1.02%	6.12%
110,000 119,999	295	33,859,739	20,946,632	12,913,107	2,099,681	7117.56	0.91%	6.20%
120,000	1,537	373,316,518	233,421,354	139,895,164	25,979,699	16902.86	11.30%	6.96%

COUNTY SALES TAX
 EXHIBIT NO. 3 p. 6
 DATE 4/6/89
 BILL NO. HB 764

BREAKDOWN BY AGI (IN 10,000 INCREMENTS)

AGI Level:	#Returns	Montana Adj. Gross Income	Montana Taxable Inc.	Diff. Between Gross and Taxabl	Tax Computed	Average Tax Payment	% OF TOTAL MT TAX PAID	AVG TAX AS % AGI	
<= 0	9,999	193,477	460,273,867	377,727,444	82,546,423	12,095,065	734	5.26%	2.63%
10,000	19,999	106,625	1,550,118,613	930,906,870	619,211,743	43,120,348	4,251	18.76%	2.78%
20,000	29,999	58,919	1,440,926,023	896,005,659	544,920,364	52,467,099	9,197	22.82%	3.64%
30,000	39,999	26,506	907,812,684	571,409,059	336,403,625	39,014,473	15,189	16.97%	4.30%
40,000	49,999	10,533	465,457,555	293,854,512	171,603,043	22,304,684	2117.60	9.70%	4.79%
50,000	59,999	4,267	231,697,235	145,709,540	85,987,695	11,921,182	2793.81	5.19%	5.15%
60,000	69,999	1,998	128,850,223	81,413,612	47,436,611	7,040,922	3523.98	3.06%	5.46%
70,000	79,999	1,154	86,025,971	53,987,317	32,038,654	4,866,344	4216.94	2.12%	5.66%
80,000	89,999	764	64,653,639	40,082,303	24,571,336	3,740,868	4896.42	1.63%	5.79%
90,000	99,999	501	47,570,660	30,131,861	17,438,799	2,910,777	5809.93	1.27%	6.12%
100,000	109,999	364	38,110,463	23,650,025	14,460,438	2,333,700	6411.26	1.02%	6.12%
110,000	119,999	295	33,859,739	20,946,632	12,913,107	2,099,681	7117.56	0.91%	6.20%
120,000	-	1,537	373,316,518	233,421,354	139,895,164	25,979,699	16902.86	11.30%	6.96%

BREAKDOWN FOR TOP 10% AGI

							% OF TOTAL MT TAX PAID	AVG TAX AS % AGI	
32,000	36,999	13,574	465,839,526	293,881,203	171,958,323	20,074,600	7,449	8.73%	4.31%
37,000	49,999	16,107	679,605,291	428,929,314	250,675,977	31,974,170	7,336	13.91%	4.70%
50,000	-	10,880	1,004,084,448	629,342,644	374,741,804	60,893,173	51,673	26.49%	6.06%

BROKEN DOWN BY DECILE*

Approx. Decile	ACTUAL % OF TTL	#Returns	Montana Adj. Gross Income	Montana Taxable Inc.	Diff. Between Gross and Taxabl	Tax Computed	Average Tax Payment	% OF TOTAL MT TAX PAID	AVG TAX AS % AGI
10%	12.00%	48,834	(358,585,575)	6,048,977	(364,634,552)	134,769	3	0.06%	-0.04%
20%	10.57%	43,016	128,297,953	42,358,573	85,939,380	1,009,867	23	0.44%	0.79%
30%	9.48%	38,579	192,155,416	80,144,547	112,010,869	2,291,181	59	1.00%	1.19%
40%	8.28%	33,697	234,977,903	111,572,408	123,405,495	3,660,917	109	1.59%	1.56%
50%	10.54%	42,884	405,437,272	215,952,704	189,484,568	8,043,105	188	3.50%	1.98%
60%	8.93%	36,351	452,835,731	265,195,226	187,640,505	11,240,459	309	4.89%	2.48%
70%	9.77%	39,743	632,588,477	387,302,122	245,286,355	18,470,627	465	8.03%	2.92%
80%	9.54%	38,811	790,856,859	490,378,766	300,478,093	26,285,293	677	11.43%	3.32%
90%	10.07%	40,959	1,090,245,056	679,474,902	410,770,154	41,325,118	1,009	17.98%	3.79%
100%	10.83%	44,066	2,259,864,098	1,420,817,963	839,046,135	117,433,506	2,665	51.08%	5.20%

* Approximate Decile-- Due to AGI Ranges supplied on D.O.R. Report

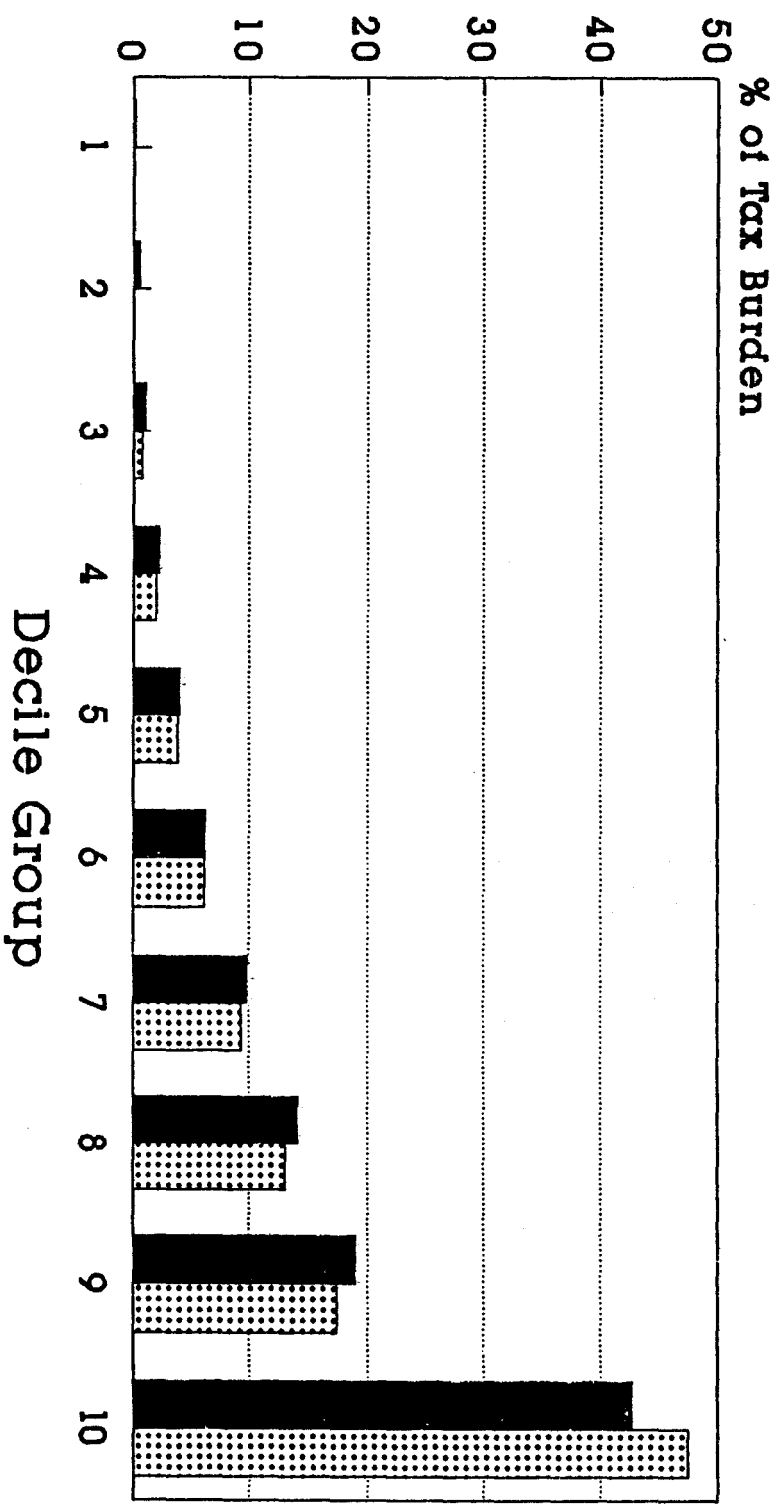
MONTANA

AVERAGE ADJUSTED GROSS INCOME: 14,323
 AVERAGE MONTANA TAX PAID: 565
 TOTAL MONTANA TAX PAID: 229,894,842

Tax Burden Shift Under SB459

Based on Household Income Tax

Department of Revenue Data



3 p 3
4/6/89
H5764

Senate Bill 459

Montana Rates as a % of Federal Tax

- would effectively adopt the federal standard deduction of \$3,000 for single taxpayers and \$5,000 for married couples, with an additional \$600 for each taxpayer over 65.
- would increase the Montana exemption to \$2,000 per dependent.
- would remove many lower income taxpayers from the tax rolls.
- provides an acceptable means for Montana to adopt an alternative minimum tax.
- above all, this bill would simplify the Montana income system.
- Montana can't afford to continue administering its own unique tax laws-- effectively.
- *This Legislature would be recognized as the one that finally had the courage to tell the taxpayers what their income tax really is. No smoke, no mirrors, and no complications.*

AMENDMENT TO HB 764 (Raney)

PAGE 55

LINE 13 FOLLOWING: "Greater"

Insert: "(d) THE ALTERNATIVE MINIMUM TAX CREDIT allowed under 3(c) is the amount in excess of the regular tax in each taxable year and is creditable against the regular tax for all taxpayers beginning after December 31, 1988. Such credit may be carried forward indefinitely against the regular tax. However such credits may not reduce the regular tax below the Alternative Minimum Tax; therefore the tax credit may not reduce the alternative minimum tax liability."

PAGE 49 LINE 2

FOLLOWING: "THE"

STRIKE: "THREE"

INSERT: "SEVEN"

Exhibit 4g
HB 764
4-6-89



Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59624
406/442-1708

Testimony by Don Judge before the Senate Taxation Committee on House Bill 764,
April 6, 1989

Mr. Chairman and members of the Committee, for the record, I am Don Judge representing the Montana State AFL-CIO in support of House Bill 764.

This legislation represents an attempt to reform Montana's individual and corporate income taxes. It is a broad-based approach which closes tax loopholes for both wealthy individuals and corporations. It lowers the income tax rates for both individuals and corporations. And it raises much needed revenue which can be used to fund necessary state services and provide a source of income for equalization of educational funding. The Governor has stated that he would prefer a combination of tax sources to accomplish the court mandate for equalization, and this bill could reform the income tax to do just that.

The most significant aspect of this bill is the cap it places on the deduction of federal income taxes, a provision which will affect our members. It is important, however, to point out that while the cap may increase an individual's state income tax liability, it will also decrease their federal income tax liability at the same time. This is because state income taxes are deductible on federal returns -- unlike state sales taxes. While we understand that there would not be a dollar for dollar offset from federal to state taxes, there would be a substantial advantage to state taxpayers who would pay more state and less federal income taxes. We believe that the citizens of Montana would prefer to see their tax dollars going to state government where they can have a significant voice in how those tax dollars are being spent, rather than to the federal government where they have little or no influence.

Montana is one of only a handful of states in the country to allow full deduction of federal income taxes paid against our state's tax liabilities. Other states, recognizing the benefits of shifting this money away from the federal government to the states and local governments, have capped or eliminated this deduction. It makes sense for Montana to get into the mainstream on this issue.

House Bill 764 is another of the alternatives which can raise necessary revenue to fund state government by closing tax loopholes rather than saddling the people of Montana with a sales tax. It is progressive because it closes tax loopholes. By closing these loopholes, the tax rates can actually be lowered for everyone. We support House Bill 764 because of its progressive nature. It clearly shows that Montana does not need a sales tax to fund state government. And it would transfer tax dollars from the federal government to the State of Montana.

We urge you to give this bill a "do pass" recommendation.

Thank you.



Amendments to House Bill No. 641
Third Reading Copy

Requested by Representative Quilici
For the Committee on Taxation

Prepared by Greg Petesch
April 5, 1989

1. Title, line 8.
Strike: "CERTAIN"

2. Page 2, line 20 through page 3, line 1.
Following: "applies" on line 20
Strike: remainder of line 20 through "law" on line 1
Insert: "to all property taxes levied by any governmental entity"

**TESTIMONY FOR HB 664
ALTERNATIVE MINIMUM TAX
MARCH 15, 1988**

Mr. Chairman, members of the Senate Taxation committee, for the record my name is James Kelble. I'm here today representing the Montana Alliance for Progressive Policy, a coalition representing labor, seniors, education, women, low-income, and conservation.

Montana's current state income tax system is a fairly progressive system except for a few exceptions. One of these exceptions is that Montana has yet to adopt an alternative minimum tax. The alternative minimum tax is designed to close the most glaring of loopholes in the current state income tax system, those with substantial economic income paying little or no state income tax. In quoting from the Department of Treasury, IRS Publication #909, Alternative Minimum Tax for Individuals, "The alternative minimum tax for individuals has been broadened to include more taxpayers who pay little or no tax, and strengthened to make sure that all taxpayers with substantial economic income pay tax. The tax laws give special treatment for some kinds of income and allow special deductions and credits for some kinds of expenses. Taxpayers who benefit from these laws have to pay at least a minimum amount of tax through a special tax, the alternative minimum tax."

The existing state income tax laws in Montana allow numerous exclusions, deductions, and credits from state income tax liability. Upper income taxpayers continue to take a disproportionate amount of these deductions from taxable income, while middle and lower income taxpayers are finding fewer deductions available and paying more in state income tax. This is one of the factors that makes the Montana state income tax system deviate from an otherwise progressive course. According to the Department of Revenue, in the 1987 tax year, Montana taxpayers with income in excess of \$50,000 a year increased their total itemized deductions by 27.6%, while on a statewide basis the total of itemized deductions decreased some 9.6%. And this was the first year of federal tax reform which closed many of the previous loopholes in the tax system.

SENATE TARIATION

6 p. 2

DATE 4/6/89

BILL NO. HB 664

The alternative minimum tax is a step in the right direction towards making the Montana state income tax system more fair for all taxpayers. In a 1988 Great Falls Tribune survey, 28% of those surveyed favored closing loopholes taken by higher income taxpayers as a first option for raising revenue, while 23% of those surveyed favored this approach as their second choice for raising revenue. This indicates a broad public support amongst Montanan's for such a measure as the alternative minimum tax. While not having to close any specific loopholes, the alternative minimum tax is a measure designed to assure that all taxpayers with substantial economic income pay at least some state income tax, whether it's through the regular state income tax or through the alternative minimum tax. Please consider a do pass motion on House Bill 664.



JAMES W. MURRY
EXECUTIVE SECRETARY

Box 1176, Helena, Montana

ZIP CODE 59624
406/442-1708

SENATE TAXATION

EXHIBIT NO. 7

DATE 4/6/89

BILL NO. HB 664

Testimony of Don Judge before the Senate Taxation Committee on House Bill 664,
April 6, 1989

Mr. Chairman and members of the Committee, for the record, I am Don Judge representing the Montana State AFL-CIO in support of House Bill 664 which would impose an alternative minimum state income tax.

This bill is designed to close the biggest tax loophole that exists in our present tax structure -- requiring the rich to pay their fair share of state income taxes. Those at the top end of the economic spectrum should pay at least some state income tax. But because of deductions, exemptions and credits which these taxpayers can take for their federal income tax, many of these people escape paying any state income tax at all. Those with wealth share in the benefits of our state and in the services provided by units of government; they should also share in the costs.

The Montana State AFL-CIO has appeared before you repeatedly to encourage you to consider an individual's ability to pay as a standard for reform of our tax structure. House Bill 664 takes careful aim at that standard and passage of this bill would be a direct hit at the inequities which currently exist. This legislation is a viable, reasonable revenue alternative which will help to close a glaring tax loophole for the wealthy and provide a progressive alternative for raising much-needed revenue for state services.

We also believe that this bill should stand alone on its own merits. It should not be held hostage to the fate of a sales tax. Reform of our income tax structure is a necessity whether or not you support a sales tax. Trying to make a sales tax more palatable by linking income tax reform to it is simply blackmail. We contend that a sales tax benefits the wealthy and large corporations at the expense of middle income taxpayers. The same is true of our present income tax structure when wealthy individuals can escape state taxation. Giving up one tax advantage for the rich in order to get another, and even more unfair one, is bad public policy. It is clear that this "let's make a deal" attitude is not acceptable to the people of our state. Let's hope that the Legislature agrees.

We encourage your favorable consideration of HB 664 separate and apart from the fate of any sales tax.

Thank you.



4-6-89

JOSEPHSON & FREDRICKS

ATTORNEYS AT LAW

115 WEST SECOND AVENUE • POST OFFICE BOX 1047
BIG TIMBER, MONTANA 59011-1047

TELEPHONE 406/932-5440

Fax 406/932-5752

Conrad B. Fredrick
1968 - 1988

April 5, 1989

VIA FAX

Senate Tax Committee
State Capitol
Helena, MT 59620

Dear Folks:

I read a summary of some of the income tax bills that you are considering imposing upon Montana to raise revenues.

I think the increase in the income tax at this stage of Montana's life would be counterproductive for the following reasons:

1. We have a lot of retired people that live in Montana.
2. We have a lot of fairly affluent people, including writers and artists, that live in Montana.
3. We are trying to attract corporate business into Montana.

Wyoming, for example, doesn't have an income tax and some of these people may very well move out of the State or not come into the State at all with any higher income tax. Further, Montana received a huge windfall when the Federal Government eliminated the capital gains exclusion. One of the Representatives told me that this is the largest single tax increase (times two) that Montana has ever had and it wasn't even voted on by the House of Representatives.

The changes proposed to the income tax provisions of the State law may be very harmful in attempting to retain and attract the type of people that have some flexibility in where they can locate. As it stands right now, people can live in Wyoming, not pay an income tax, and buy things in Billings, where there is no sales tax and have the best part of both worlds.

4-6-89

JOSEPHSON & FREDRICKS
ATTORNEYS AT LAW

Senate Tax Committee
April 5, 1989
Page 2

I think our tax focus should be to equalize and somewhat standardize our taxation as compared to our neighboring States. Unfortunately, this includes the sales tax, which no one likes, but may be an absolute necessity.

Respectfully submitted,

Richard W. Josephson
by CH

Richard W. Josephson

RWJ/ch.aw2

xc: Hon. Stan Stephens, Governor

P.S. Please include this letter in the hearing record.

DATE

4/6/89

COMMITTEE ON

Deputation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Evan Barrett	Butte Local Dev. Corp	566	X (amend)	
Jim Kauluck	Butte Silver Bow	566	X (amend)	
Jim Keeble	MAPP	664	X	
Borden Morris	MACO.	664		
J. Brynner	M. S. Shu Ag	566	X	
Don Juchs	MT Chamber of Commerce	566	X	
TOM BLODEAU	USA	764/664	X/X	
Kay Foster	Boys Chamber	664	X	
Evan Barrett	Butte Local Dev Corp	641	X (amend)	
Jim Kauluck	B/SB	641	X (amend)	
Jim Keeble	MAPP	764	X	
Borden Morris	MACO.	764		
Jennex Burn	MONTAX	764		X
CHRIS GALLUS	Butte Silver Bow	641/566	X	
Kay Foster	Boys Chamber	566	X	
John Eszery	Wesco	764		✓
Brenda Nordlund	MT Women's Lobby	664/764	X	
John Nehring	self	764		X
Don Juchs	MT STATE AFL-CIO	H8664 HB764	X	✓
Charles Brooks	MT. RPTNI/ 17550c	H8664 HB764		

(Please leave prepared statement with Secretary)