

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By DAN HARRINGTON, CHAIR, on February 21, 1991,
at 9:04 a.m.

ROLL CALL

Members Present:

Dan Harrington, Chairman (D)
Bob Ream, Vice-Chairman (D)
Ben Cohen, Vice-Chair (D)
Ed Dolezal (D)
Jim Elliott (D)
Orval Ellison (R)
Russell Fagg (R)
Mike Foster (R)
Bob Gilbert (R)
Marian Hanson (R)
David Hoffman (R)
Jim Madison (D)
Ed McCaffree (D)
Bea McCarthy (D)
Tom Nelson (R)
Mark O'Keefe (D)
Bob Raney (D)
Ted Schye (D)
Barry "Spook" Stang (D)
Fred Thomas (R)
Dave Wanzenried (D)

Members Absent: Dave Wanzenried (D)

Staff Present: Lee Heiman, Legislative Council
Lois O'Connor, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

HEARING ON SB 110

Presentation and Opening Statement by Sponsor:

SEN. KEATING, Senate District 44, Billings, stated SB 110 is the result of a legislative audit by the Department of Revenue. The DOR received a black mark because of the amount it costs the Department to collect taxes of a small amount. They would like to have the small tax amounts become a writeoff. Under current

law, DOR is not authorized to do this. SB 110 would authorize the DOR to writeoff those small taxes that cost too much to collect. It is a matter of efficiency.

Proponents' Testimony:

John Northey, Legislative Auditors Office, stated they have no objections to the procedures being used by DOR. Writing off uncollected small debts makes good business sense. Current law gives them the authority to wave penalty and interest but not the taxes themselves. There are two safeguards built into the bill: (1) it requires DOR to adopt rules setting the perimeters they will use in writing off uncollectible taxes; (2) every taxpayer's file, which an uncollectible tax is written off, requires documentation.

Jeff Miller, DOR, stated DOR is still making active use of the bad debt function in the State Auditor's Office to the extent that they can perfect the due process required to notify the debtor that they have an obligation. When they have found the amount is not warranted for collection, they then end up having to write these people off. In 1986, DOR wrote off about \$100,000 as compared to \$18 million in receivables. In 1990, they wrote off \$312,000 as compared to \$20 million in receivables. He urged the committee's support.

Opponents' Testimony: None

Questions From Committee Members:

REP. McCAFFREE asked **Jeff Miller** what he is talking about when he mentions small amounts. **Mr. Miller** said amount less than \$100. **REP. REAM** said in his testimony he indicated between 1989 and 1990 there was a substantial increase in bad debts. **Mr. Miller** said that he gave him figures from 1986 so he jumped five years. He stated that DOR has had a significant increase in their accounts receivable balance partly because of their ability to identify tax payers who have not filed. On the exam side of their activities, they are more efficient now than they ever have been.

Closing by Sponsor:

SEN. KEATING asked the committee to resist the idea of amending SB 110 with a fixed amount. Rulemaking would allow the DOR to make the decision as to what amount the efficiencies are affected. He urged the committee's support.

HEARING ON SB 147

Presentation and Opening Statement by Sponsor:

SEN. GAGE, Senate District 5, Cut Bank, stated SB 147 simply states that if there is an election and a corporation is a part

of an affiliated group and has a year that is not included within the income of the affiliated return, they must file a return covering that portion of the year. This return is due on the 15th day after of the 5th month following the close of the taxable year for which a consolidated return of the affiliated group is filed.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

SEN. GAGE gave no closing statement.

EXECUTIVE ACTION ON SB 110

Motion/Vote: REP. MCCARTHY MOVED SB 110 BE CONCURRED IN AND BE PLACED ON CONSENT CALENDAR. Motion carried unanimously on a voice vote.

EXECUTIVE ACTION ON SB 147

Motion: REP. NELSON MOVED SB 147 BE CONCURRED IN AND PLACED ON CONSENT CALENDAR. Motion carried unanimously by voice vote.

HEARING ON SB 128

Presentation and Opening Statement by Sponsor:

SEN. HALLIGAN, Senate District 29, Missoula, stated SB 128 is a very focused and targeted resort tax which parallels exactly what was done in 1985 except we allow an unincorporated area to address the impacts of tourism coming into specific areas in Montana. This is not a panacea for all unincorporated communities.

In 1985, we tried to allow communities such as West Yellowstone, Red Lodge, and Virginia City, to adopt a resort tax to pay for the tremendous impact tourists have on fire, police, water, and sewer. On Page 2, a resort area is defined as an unincorporated area that is a defined contiguous geographic area. The rest of the definition is exactly the way it is for resort communities. It must have a population of less than 2,500, and it must derive the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons traveling to or through the municipality for purposes not related to their income production, and it has to be defined by the Department of Commerce.

It must have a petition signed by 15% of the electors to start the process. The petition would have the rate of the tax,

purpose of the tax, what it will be used for, and what would be taxed. They would then give it to the county commissioners who would turn it over to the DOC. The DOC would then determine whether this certain unincorporated area generate most of its economic base from tourism.

Who can be taxed is very critical. The hardware stores can not be taxed. They must go to the places that are impacted by tourists such as the hotels, motels, camping, night clubs, and lounges. It must require a vote of the people.

Proponents' Testimony:

Mona Jamison, Big Sky Resort Association, provided written testimony. EXHIBIT 1

Taylor Middleton, Big Sky Resort Association, provided written testimony. EXHIBIT 2

Bill Murdock, Big Sky Owners Association, stated because the Big Sky area can not incorporate, the Owners Association acts as the governing body. We provide many of the services that the municipal governments are expected to take care of. We are presently involved in postal service, road maintenance, police protection, central sewer, water, zoning, and shuttle bus service. During the peak season, Big Sky has over 6,000 people: and these people are being supported by taxes in special districts and the Big Sky Owners Association assessment. Sewer and water are there biggest need at present. It will cost \$2 million to replace the collection ponds that are now at capacity. We would like to spend more money to keep people coming to the state. We need the help from the resort tax to pay for some of these needs.

Mike Scholz, Big Sky Resort Association, stated the businesses in the Big Sky area stand in support of SB 128. We want to stay competitive with competitors outside of the region and state. Other areas provide services and are continually upgrading these services used by tourists because they have a resort tax. He urged the committees support.

Laurie Shadoen, Bozeman Chamber of Commerce, stated there are three reason why the Chamber supports SB 128. (1) because Big Sky is a destination resort; (2) the people; and (3) the bill provides for the determination of how the monies will be spent prior to the vote of the people. She urged the committee's support on behalf of the Montana Chamber.

Pete Lineberger, Big Sky Owners Association, stated the resort community taxes were enacted in 1985 for West Yellowstone. They have been a huge success. People who come in and enjoy our state and the gateway community, pay their way. These taxes have freed up other money for borrowing capacity to put in a central water

system which West Yellowstone did not have. Big Sky is like West Yellowstone in that it is a destination resort and a gateway community to the state. The tourist impact, the need for infrastructure improvements, and the need for the tourist to pay for it is there. SB 128 is for unincorporated areas. Big Sky needs this bill in order to enact a resort tax because they do not have the option to incorporate.

Gene Phillips, Big Mountain, stated the majority of the people who use the facilities at Big Mountain come from out of state. It is also a destination resort. He stood in support of SB 128.

Gordon Morris, Montana Association of Counties, supported SB 128.

Opponents' Testimony: None

Questions From Committee Members:

REP. O'KEEFE asked **Mona Jamison** what a destination resort is. **Ms. Jamison** said there is a state of the art definition of destination resort. A destination resort is a full service, vacation locality which caters to individuals, families, or groups coming for accommodations and leisure oriented activities that are used for relaxation, pleasure, and amusement. Under rules of statutory construction, you are allowed to rely on the common usage of terms if they have meanings that are commonly accepted. **REP. O'KEEFE** said the words "destination resort" has been used twice in the title of SB 128 and asked why they do not appear in the bill anywhere. **Ms. Jamison** said to refer to Page 4, Line 12, third reading copy. Every bill gets amended and their intention is not fully represented in the bill. The whole focus is on destination resorts. This was the language at the Senate Tax Committee hearing and that is why the language was put in. **REP. O'KEEFE** asked if she would have any problem with the committee defining it in the definition section of the bill. **Ms. Jamison** said no.

REP. STANG asked **SEN. HALLIGAN** who would determine if the major portion of the cities economic income is from tourism. **SEN. HALLIGAN** referred the question to **Andy Poole, Department of Commerce**. **Mr. Poole** provided written testimony. **EXHIBIT 3,4**

REP. ELLIOTT stated he had taken a vacation and was going by Big Sky and wanted to talk to people because a similar bill was before them last session. He asked **Pete Lineberger** why they do not incorporate and have the responsibilities of incorporation with taxation. **Mr. Lineberger** said it is legally impossible to incorporate; (1) because the Big Sky area covers two counties. Legally, communities which cross county line can not incorporate; (2) the population density problem. There are approximately 15 to 25 sections of land in the Big Sky area. The requirements of the incorporation statutes are such that you must have a certain number within a certain square mile area. It can't be done in the Big Sky area. This is in no way an attempt to avoid the

responsibilities or the various other duties affiliated with incorporation. **REP. ELLIOTT** asked why the Big Sky Owners Association wanted this type of tax relief brought in. **Mr. Lineberger** stated we are not here for property tax relief. We are here so that people who come to Big Sky from out of county or state pay their fair share for the impact that is created on the community. **REP. ELLIOTT** said this is a tax that is crafted very specifically so that local residents do not pay but the visitors do. **Mona Jamison** said, of course, the resorts advertise. The benefit to the state, in addition to those who own the facilities and stores, are numerous. The homeowners and store owners pay fair property taxes in addition to homeowner assessments and still can not finance the infrastructure that is needed to service these people adequately. To what extent beyond property taxes, beyond homeowner assessments should these small groups take out of their pocket to make sure that they are subsidizing the tourism industry. They have no problem with paying their fair share. The point is that the tourism industry is a state industry.

REP. REAM asked **Bill Murdock** how are the boundaries of taxing jurisdiction determined. **Mr. Murdock** said for resort tax districts, if we have the option to put it to the voters, we are going to propose that it be roughly the same boundaries as the fire district which includes all the private properties and economic base in the area. The taxes would be collected at the county level

REP. STANG asked if someone could define the difference between a convenience store and a grocery store. **SEN. HALLIGAN** said in West Yellowstone, if a store sells normal food, they are exempt. He does not know how they have dealt with the issue. **Pete Lineberger** said in West Yellowstone, the administrative ordinance is dealt with specific items. No law other than this one makes any distinction between fast food stores and any other store that sells food. The distinction is in the item itself whether it is considered by this legislation. **REP. STANG** asked **SEN. HALLIGAN** if this could be implemented for a part of a year. **SEN. HALLIGAN** said no, it is a year around tax.

REP. MCCARTHY said she was confused about the two counties and asked **Mr. Lineberger** if he intended to petition both the county commissioners and would those petitioners be restricted to this area that we talk about as being the fire district. **Mr. Lineberger** said yes, whatever the boundaries are determined to be.

REP. COHEN said this bill and existing legislation has an arbitrary cap of 2,500 and asked **Andy Poole** if there were communities in Montana that have populations over 2,500 that would show they have a significant amount of employment due to tourism. **Mr. Poole** said he did not know. He said he would have to look at the specific employment data from the county to determine whether it could be defined as a resort area. **REP.**

COHEN asked if there was any reason for the arbitrary cap of 2,500. Mr. Poole said all communities in the state are impacted by tourism.

REP. McCAFFREE said the language on Page 8 (i) would allow the vendor to withhold 5% Under (ii), it allows the vendor to receive a refund of 5% and asked SEN. HALLIGAN to explain it. SEN. HALLIGAN said a particular business who has alot of volume wouldn't want to take the 5% every time. They may want to calculate the sales over a month and request a refund of 5% of their gross sales at the end of the month. It gives the option to the business person, who has to suffer the consequences of collecting the tax, that they take 5% based on each transaction.

REP. GILBERT asked Mr. Lineberger how many year around residents are there is this unincorporated area. Mr. Lineberger could not answer. They are looking at 500 people that covers two counties, Gallatin Canyon, and where you turn off the main highway west to the ski area. REP. GILBERT asked how many condos, houses, and apartment complexes are privately owned in the area. Mr. Lineberger said approximately 1,200. REP. GILBERT asked in the election, which would be the petitioner and which would be the voter. Mr. Lineberger said there is alot of absentee ownership. Petitions have to be registered electorates which means they have to be permanent residents. REP. GILBERT said if they are short of money, why don't they raise the homeowner association fees, they are the beneficiaries of the services. Mr. Lineberger said they are not the only beneficiaries. There are thousands of people who come and stay at Big Sky who are also beneficiaries of these services. These are the people we are targeting.

Closing by Sponsor:

SEN. HALLIGAN said SB 128 is not an easy piece of legislation because it crosses many boundaries that we deal with in the taxation committees. We all like to go to resort places. The massive impacts are too much for regular property owners to deal with. SB 128 is not a panacea for homeowners.

EXECUTIVE ACTION ON SB 110

Motion/Vote: REP. MCCARTHY MOVED SB 110 BE CONCURRED IN AND PLACED ON CONSENT CALENDAR. Motion carried unanimously by voice vote.

EXECUTIVE ACTION ON HB 441

Motion: REP. COHEN MOVED HB 441 DO PASS.

Motion: REP. COHEN moved to amend HB 441. EXHIBIT 5

Discussion:

REP. COHEN stated HB 441 was discussed in the Property Tax

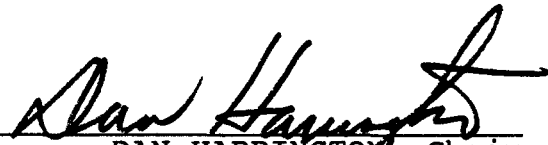
Subcommittee. He explained the amendments.

Vote: Motion on the amendments carried unanimously.

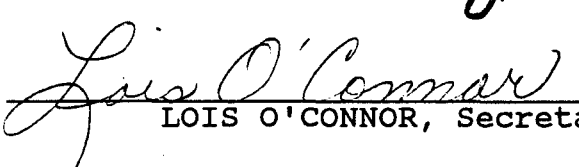
Motion/Vote: CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 441 DO PASS AS AMENDED. Motion carried 16 to 5 with REPS. STANG, RANEY, NELSON, McCAFFREE, and ELLIOTT voting no.

ADJOURNMENT

Adjournment: 10:45 a.m.



DAN HARRINGTON, Chair



LOIS O'CONNOR, Secretary

DH/lo

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE 2/21/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓		
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓	+	
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓	+	
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓	+	
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE	✓	+	
REP. BOB RANEY	✓		
REP. TED SCHYE	✓	+	
REP. BARRY "SPOOK" STANG	✓		
REP. FRED THOMAS	✓	+	
REP. DAVE WANZENRIED		✓	

HOUSE STANDING COMMITTEE REPORT

March 5, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 147 (third reading copy -- blue) be concurred in and be placed on consent calendar.

Signed: _____

Dan Harrington
Dan Harrington, Chairman

CARRIED BY: REP. DAN HARRINGTON

9:15
3-5-91
TDR

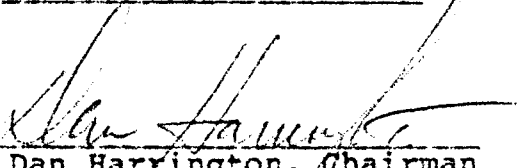
HOUSE STANDING COMMITTEE REPORT

March 5, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 110 (third reading copy -- blue) be concurred in and be placed on consent calendar.

Signed: _____


Dan Harrington, Chairman

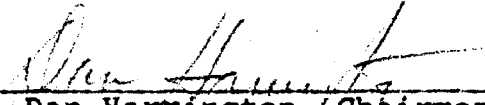
FORWARDED BY: REP. DAN HARRINGTON

HOUSE STANDING COMMITTEE REPORT

March 5, 1991

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 441 (first reading copy -- white) do pass as amended.

Signed: 
Dan Harrington, Chairman

And, that such amendments read:

1. Title, lines 6 and 7.

Strike: "TO GAIN PRIORITY OVER TAX LIENS"

Insert: "OF THE INTEREST WITH THE COUNTY TREASURER"

2. Title, line 7.

Strike: "DELINQUENT TAXES ON"

Insert: "AN IMPENDING SHERIFF'S SALE OF"

3. Title, line 14.

Strike: "15-16-113, 15-16-402,"

Following: "15-24-202"

Strike: ", "

4. Page 1, line 17 through page 7, line 23.

Strike: sections 1 and 2 in their entirety

Renumber: subsequent sections

5. Page 8, lines 15 through 18.

Strike: "If" on line 15 through "1." on line 18

Insert: "(2) Upon request, the treasurer shall notify a
lienholder if taxes on a mobile home or housetrailer have
been paid."

Renumber: subsequent subsections

6. Page 9, line 2.

Strike: "5"

Insert: "3"

7. Page 9, line 11.

Following: "unless"

Insert: ":

(i)"

8. Page 9, line 12.

Following: "treasurer"

Insert: "; or

(ii) the exceptions in 15-24-206(3) or [section 3]
apply"

9. Page 11, line 11.

Following: "showing"

Insert: ":"

(i) "

10. Page 11, line 12.

Following: "mobile home"

Insert: "; or

(ii) payment of the property taxes provided for in
[section 3]"

11. Page 11, lines 22 and 23.

Strike: "as required by 15-16-113"

Insert: "when information has been requested under 15-24-202(2) "

12. Page 12.

Following: line 11

Insert: "NEW SECTION. Section 4. Notice of impending sale to
certain lienholders. After entry of a notation under 15-16-
115(2) concerning a mobile home that is not taxed as an
improvement to real property but before directing the
sheriff to make a levy and sale on the mobile home, the
treasurer shall notify a person who has a properly perfected
security interest in the mobile home and who has furnished
the treasurer a copy of the instrument by which the interest
was perfected of the levy and sale. The notice must state
that the sheriff may soon be requested to make a levy and
sale on the mobile home."

Renumber: subsequent section

13. Page 12, line 13.

Strike: "Section 5] is"

Insert: "Sections 3 and 4] are"

14. Page 12, line 14.

Strike: "16,"

Insert: "24, part 2,"

15. Page 12, line 15.

Strike: "16,"

Insert: "24, part 2,"

Strike: "section 5"

Insert: "sections 3 and 4"

MONA JAMISON
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EXHIBIT 1
DATE 2-21-91
HB SB 128

PLEASE SUPPORT SB 128

Resort Area Tax In "Unincorporated" Areas

Background

In 1985, the legislature passed HB 826. This law allows "incorporated" communities with populations of less than 2,500, where tourism is the community's most important basic industry, to impose a resort tax on luxury goods and services not to exceed 3 percent of their retail value. West Yellowstone has imposed and effectively used this tax.

HB 826 did not provide "unincorporated" areas the same opportunity. SB 128 fills this gap. SB 128 allows "unincorporated" areas with populations of less than 2,500, where tourism is the area's most important basic industry, to impose the same type of resort tax.

The Department of Commerce uses the export base model of economic growth when it determines whether or not an area's basic industry is tourism.

Electors in the resort area must approve the tax before it can be imposed.

Need for SB 128

An active tourism industry requires many services for the tourists it serves. The "industry," however, has no method by which it can raise revenue to assure that the needed services and facilities remain adequate.

A resort tax allows for the taxing of luxury goods and services utilized by visitors to the resort area in order to help defray the costs of providing needed facilities and services to these tourists.

Taxation of luxury goods and services is necessary in "destination resorts" like Big Sky, which must offer quality services in order to effectively compete with other national "destination resorts".

How SB 128 Works

The establishment of a resort area for the purpose of imposing a resort tax may be initiated by a written petition to the Board of City Commissioners of the county where the area is located.

Ex. 1
2-21-91
SB 128

The petition must:

1. Contain a description of the proposed resort area.
2. Be signed by at least 15 percent of the electors residing in the proposed area.
3. Must include the rate, duration, effective date, and purpose of the tax.

A majority of the electors in the resort area must approve the resort tax before it can be imposed.

The resort tax is a tax on the retail value of luxury goods and services sold in the resort area by:

1. Ski resorts and other recreational facilities.
2. Restaurants and other food service establishments.
3. Public establishments that serve alcoholic beverages by the drink.
4. Lodging facilities.

Use of Resort Area Tax

The proposed "uses" of the resort tax must be stated in the resolution approved by the electors and may include:

1. Law enforcement
2. Ambulance
3. Fire protection
4. Road maintenance
5. Local transit system
6. Post office
7. Water supply
8. Sewage disposal

PLEASE SUPPORT SB 128.

THANK YOU.

EXHIBIT 2DATE 2-21-91HB SB 128BIG SKY RESORT
ASSOCIATION

P.O. Box 100

Big Sky, Montana 59716

February 20, 1991

Representative Ted Schye
N. Star Route
Glasgow, MT 59230

Dear Representative Schye:

You will soon be reviewing SB 128 which would give the unincorporated community of Big Sky the opportunity to have a referendum on a 3% resort tax. Our community needs this tax base to provide essential services to guests. I ask that you support Senate Bill 128.

Big Sky is a small community of about 350 registered voters. Our unique status as a destination resort requires that we provide police, fire, health, water, sewer, and other services to up to 6,000 guests at some times. To continue to provide essential services at the level demanded by guests--or that they receive at similar facilities outside Montana--we need these funds. I remind you that the consumers paying the tax are those benefiting from it.

Bear in mind you are not approving a tax, you are giving our voters the opportunity to decide this for themselves. The West Yellowstone tax that everyone is familiar with has been voted down in two other communities. The citizens will decide what is best for their community.

As a representative for Big Sky's business community which will collect such a tax, I sincerely request your support of SB 128.

Sincerely,

Taylor Middleton, President
BIG SKY RESORT ASSOCIATION

TMjb





MONTANA DEPARTMENT OF COMMERCE

1424 9TH AVENUE
HELENA, MONTANA 59620-0501
(406) 444-3494 FAX: (406) 444-2903

DESIGNATION METHODOLOGY FOR RESORT COMMUNITY OR RESORT AREA

"Resort Community" and "Resort Area" are defined in SB128 as an area or community under 2500 population that "derives the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons travelling to or through the municipality (or area) for purposes not related to their income production".

The Department of Commerce is responsible for designating whether or not the community or area meets the criteria outlined in the definition above. The department used "employment" as the critical factor in determining that West Yellowstone qualified as a resort community under the definition. West Yellowstone is the only Montana community to adopt a resort tax under the existing statute.

Employment data was gathered from the U.S. Bureau of the Census and the Department of Labor & Industry to determine the employment in each sector of the West Yellowstone economic base.

Economic sectors are outlined in the "Standard Industrial Code" and the employment figures for that community or "area" can be collected or extrapolated by industrial category (eg. SIC code) from the data supplied by the Department of Labor & Industry.

The employment profile for that community is then measured against either a national or state average to determine that level of employment above the average. For selected employment sectors, research has determined that the "excess" employment in selected categories (SIC codes) can be attributed to non-residents travelling through the community. Adding up all of the excess employment in these selected occupational groups then gives an estimate of the employment attributable to travellers passing through the community or area. (See attached example)

If the result of these calculations show that there is a greater proportion of employment related to nonresident travel than the other basic sectors of the local economy, then that community or area is designated by the Department of Commerce as qualifying under the statute to adopt the resort tax subject to the approval of the local electorate.

ESTIMATING THE NONRESIDENT TRAVEL COMPONENT

The location quotient or "excess" method was used to estimate the portion of employment and wages attributable to nonresident travelers in each SIC category identified above. This procedure attributes "excess" employment or wages above some standard to be due to nonresidents visiting the area. The choice of the standard or base level of employment or wages affects the calculations--and the correct choice is not obvious. In this study, two alternative standards--the Montana base and the U.S. base--were used, and separate calculations were performed for each.

In order to illustrate the method, the following 1986 employment data is presented for Auto Repair Shops (SIC 7539).

1986 Employment Auto Repair Shops (SIC 7539)

	<u>Number</u>	<u>Percentage of Total Employment</u>
Glacier County	22	0.62
Montana	641	0.24
United States	186,897	0.19

Glacier County has 22 workers in auto repair shops. These firms serve local residents as well as the nonresident travelers. In order to determine the ("excess") employment that can be attributed to the nonresident travelers, the number of workers needed to serve the local population must first be estimated. One approach would be to use Montana as a base. In other words, Glacier County employment in excess of the .24 percent of the total would be attributed to nonresidents. Or, about 8.4 employees in auto repair shops ($0.62 - 0.24 = 0.38$; $0.38 \times 22 = 8.36$) in Glacier County would be assigned to the nonresident travel component.

Alternatively, the United States could be considered as the base. In this case, employment in Glacier County exceeding 0.19 percent of the total would be attributed to nonresident travelers. This calculation yields an estimate of 9.5 employees ($0.62 - 0.19 = 0.43$; $0.43 \times 22 = 9.46$).

In most cases, the U.S. base yields larger estimates of nonresident travel wages and employment. This could be attributed to Montanans who themselves travel more for business and pleasure than the U.S. average. In other words, the percentage of total Montana employment in most travel-related industries is higher than their U.S. counterparts. But differences between the bases are not necessarily accurate estimates of instate travel by Montanans. At best, it is only an approximation of the excess travel by Montanans--the amount that Montanans exceed the national average.

There are standard assumptions and caveats associated with the "excess" employment and wages method. They include:

- identical tastes and supply functions in the study and base areas,
- no differences in both the marginal propensities to consume and income levels,
- no differences in labor efficiency, production practices, and technology,
- and, finally, the research literature concludes that this method generally understates "excess" activity. That is, the employment and wages attributed to the nonresident travel industry are probably underestimates of the true values.

Tables 2 through 6 present county, Montana Travel Region, and state totals for estimated nonresident travel employment and wages in 1986 and 1987. All calculations were performed at the most disaggregated level--i.e., four-digit SIC categories at the county level--and then summed to two-digit, county, or Travel Region totals.

**Small Business Database
for the Nonresident Travel Industry**

FINAL REPORT

Prepared for

Small Business Development Center
Business Assistance Division
1424 Ninth Avenue
Helena, Montana 59624

by

Bureau of Business and Economic Research
School of Business Administration
University of Montana
Missoula, Montana 59812

June 1989

Amendments to House Bill No. 441
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
February 18, 1991

1. Title, lines 6 and 7.

Strike: "TO GAIN PRIORITY OVER TAX LIENS"

Insert: "OF THE INTEREST WITH THE COUNTY TREASURER"

2. Title, line 7.

Strike: "DELINQUENT TAXES ON"

Insert: "AN IMPENDING SHERIFF'S SALE OF"

3. Title, line 14.

Strike: "15-16-113, 15-16-402,"

Following: "15-24-202"

Strike: ", "

4. Page 1, line 17 through page 7, line 23.

Strike: sections 1 and 2 in their entirety

Renumber: subsequent sections

5. Page 8, lines 15 through 18.

Strike: "If" on line 15 through "1." on line 18

Insert: "(2) Upon request, the treasurer shall notify a
lienholder if taxes on a mobile home or housetrailer have
been paid."

Renumber: subsequent subsections

6. Page 9, line 2.

Strike: "5"

Insert: "3"

7. Page 9, line 11.

Following: "unless"

Insert: ":

(i)"

8. Page 9, line 12.

Following: "treasurer"

Insert: "; or

(ii) the exceptions in 15-24-206(3) or [section 3]
apply"

9. Page 11, line 11.

Following: "showing"

Insert: ":

(i)"

10. Page 11, line 12.

Following: "mobile home"

Insert: "; or
(ii) payment of the property taxes provided for in
[section 3]"

11. Page 11, lines 22 and 23.

Strike: "as required by 15-16-113"

Insert: "when information has been requested under 15-24-202(2)"

12. Page 12.

Following: line 11

Insert: "NEW SECTION. Section 4. Notice of impending sale to certain lienholders. After entry of a notation under 15-16-115(2) concerning a mobile home that is not taxed as an improvement to real property but before directing the sheriff to make a levy and sale on the mobile home, the treasurer shall notify a person who has a properly perfected security interest in the mobile home and who has furnished the treasurer a copy of the instrument by which the interest was perfected of the levy and sale. The notice must state that the sheriff may soon be requested to make a levy and sale on the mobile home."

Renumber: subsequent section

13. Page 12, line 13.

Strike: "Section 5] is"

Insert: "Sections 3 and 4] are"

14. Page 12, line 14.

Strike: "16,"

Insert: "24, part 2,"

15. Page 12, line 15.

Strike: "16,"

Insert: "24, part 2,"

Strike: "section 5"

Insert: "sections 3 and 4"

**HOUSE OF REPRESENTATIVES
VISITOR REGISTER**

Taxation COMMITTEE BILL NO. 56110
DATE 2/21/91 SPONSOR(S) Sen. Keating
PLEASE PRINT PLEASE PRINT PLEASE PRINT

[illegible]

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

TAXATION COMMITTEE BILL NO. SB 147
DATE 2/21/91 SPONSOR(S) SEN. Gage
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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

TAXATION

COMMITTEE

BILL NO.

SB128

DATE 2/21/91

SPONSOR(S)

Sen. Halligan

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
F.H. BUCK BOLES	MT CHAMBER OF COMMERCE	X	
Yordon Morris	MACO	X	
Tele. Lineberger	Big Sky Owners Assn	X	
Mike SCHOLTZ	Big Sky RESORT ASS	X	
TAYLOR MIDDLETON	BIG SKY SKI RESORT	X	
GENE PHILLIPS	THE BIG MOUNTAIN	X	
Laurie Shaden	Bozeman Chamber	X	
Mona Jamison	Big Sky Owners Assn	X	
Wen's Adam	DOR		
City Pool	Commerce		
Bill Murbach	Big Sky Owners Assoc	X	

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