

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By DAN HARRINGTON, on April 11, 1991, at 9:00 AM

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)

Staff Present: Lee Heiman, Legislative Council
Julia Tonkovich, Committee Secretary

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

HEARING ON SB 464

Opening Statement:

SENATOR GAGE said the bill came at the request of the Senate Taxation Committee. The Blackfeet Tribal Council is very concerned about double taxation on Indian reservations. In addition to the taxes on oil and gas, there is a tribal resource indemnity trust tax and a tribal conservation tax, which are the same taxes that Montana has. The tribes have asked if the legislature could alleviate this double taxation. SB 464 allows

the state and the tribes to enter into an agreement whereby they will tax oil and gas on the reservation at a rate identical to the off-reservation rate. State severance taxes and trust taxes will be imposed at the rate of off-reservation taxes. There is also a provision in the bill for sharing the tax with the tribal governments, as well as an allowed administrative fee. The bill was originally drafted to affect only those wells drilled after the effective date of the agreement so that neither the state's revenues nor the indemnity trust fund would be impacted. The Senate Taxation Committee amended this provision to also cover wells currently in production, with the idea that those negotiations could be undertaken by the state. It is not mandatory that currently producing wells be included. SB 464 will eliminate double taxation and make reservation drilling leases identical to off-reservation leases.

Proponents:

REP. BOB GERVAIS, Glacier County and Blackfeet Reservation, spoke in favor of the bill.

Merle Lucas, Fort Peck Tribal Executive Board, spoke in favor of the bill. The bill is necessary to avoid double taxation and discrimination against oil and gas developers on Indian lands. Since 1982, Fort Peck tribes have imposed severance taxes on oil companies doing business on the reservation and trust lands. Severance tax payments amounted to \$357,000 in the last fiscal year. The tribes have clear governmental authority to tax activities and transactions on Indian lands, and need to exercise this authority to raise desperately needed governmental revenues for the assistance and programs they provide on the reservation.

Mr. Lucas said the Supreme Court's 1989 decision in the Cotton Petroleum case also allows states to tax some activities of non-Indian companies on Indian trust lands. This decision is disastrous for tribes. It discourages economic activities on Indian lands. On Indian lands, two taxes must be paid; one to the state, and one to the tribes. Outside Indian lands, only one tax is paid. This policy is bad for the state as well, in that it discourages economic activity in some of the poorest regions of the state. Rational economic policy should promote economic development and tribal self-sufficiency. Since the Cotton Petroleum case, some tribes have reduced their royalty rates in an attempt to attract mineral leases to the reservations. Even so, no major oil company has expressed interest in leasing the lands. Some existing oil producers have reduced or ceased their activities on Indian lands since the court decision; this again makes poor districts poorer. Tribal leaders, corporate representatives and members of state government worked together to draft this bill. If passed, it will allow Montana tribes to forge a successful intergovernmental relationship with the state and avoid double taxation. Since the circumstances of each reservation differ, no single formula should be imposed; instead, flexibility is the key term.

Janelle Fallon, Montana Petroleum Association, said the association has spent a good deal of time working with the tribes, attempting to increase activity on the reservations. The tribal governments have been very cooperative, but their ability to act is limited by current law. This bill will greatly aid our efforts.

Doug Abelin, Northern Montana Oil and Gas Association, spoke in favor of the bill. There is a tremendous amount of potential for oil and gas companies on reservations; passage of SB 464 will help the tribes realize that potential.

Opponents:

Mike Steven, Montana Oil and Gas Counties (Roosevelt County), spoke against the bill. Economic development on tribal lands needs to be fostered; however, this bill sets a questionable precedent. The tribes can impose their own taxes, and in 1989 the court reaffirmed this position, but also stated that non-Indians doing business on Indian land may be taxed both by tribes and by states. This has been referred to as "double taxation." It is multiple taxation, which is prevalent in all aspects of the tax structure. Income is taxed both at the state level and the federal level; multiple taxes are also imposed on properties. Multiple taxation on tribal reservations is appropriate. The state needs the dollars this bill will funnel back to the tribes. The tribes need revenue also; all the more reason for them to impose their own taxes. The cost of doing business on a reservation is multiple taxation. The fiscal impact during the next two years will be minimal, but what will happen during the next eight to ten years? It will be very difficult to take the tax back once the state starts giving it away. If the reservations are going to tax non-Indians, they must then provide services in exchange for the tax. The state already provides these services.

Questions:

REP. REAM asked if the same tax rates will be imposed on reservation lands as off. **SEN. GAGE** replied that the rates were instituted in 1982, and at that time they were identical to Montana rates. Since then, state tax rates have changed some, and tribal rates have probably changed accordingly.

REP. ELLISON asked if the agreement reached by the state and the tribes must be approved by the next legislature. **SEN. GAGE** replied that he didn't know, but would find out. The procedure would probably follow the State Tribal Cooperative Agreements Act.

REP. O'KEEFE asked whether the current rates differ on each reservation. **SEN. GAGE** replied that the Blackfeet and Fort Peck reservations were the only two he knew of. **REP. O'KEEFE** said this bill would allow the state to negotiate with the tribes

regarding the tax rates. The industry does not want the state's rates to increase; they would prefer that the tribal rates decrease. SEN. GAGE agreed, and noted that the bill states reservation rates cannot be higher than those off the reservation. REP. O'KEEFE said the tax money would then go to an account, from which the state would take 5% for administrative fees. The remaining funds, which would have been state RITT or severance tax, would instead go back to the tribes. SEN. GAGE said that is not necessarily correct; the balance would be split according to the agreement reached by the state and the tribes.

REP. O'KEEFE asked what the current rates are on the reservation. Mr. Lucas said although he couldn't give exact figures, it is more expensive to drill on tribal lands. This bill will give industries incentive to drill on the reservation by reducing the total tax take.

REP. ELLISON asked whether the bill would be revenue-neutral. SEN. GAGE replied since the reservation cannot tax at a higher rate than off-reservation lands, the bill would be revenue-neutral.

REP. O'KEEFE expressed concern that reservations may lower their rates to such an extent that the industries currently operating in oil and gas counties would pull out and move to the reservations to do business, and asked if the bill could be amended to say that the rates on reservations would have to be the same as off-reservation rates. Mr. Steven said the rates aren't of so much concern as the precedent set by the bill. The tax issue should be one of the tribes, and the state should be sharing in the revenues generated by the non-Indian members operating on the reservation. Services should also be provided in exchange for those taxes.

REP. GILBERT asked whether the state would need to pay for the cost of damages on the reservation with its own RITT funds if the reservation uses the tax money to fund government operations rather than what it was designed for. SEN. GAGE said that could be possible, especially if the party responsible for the damage could not be discerned.

Closing Statement:

SEN. GAGE presented an amendment proposed by the Department of Revenue (DOR), which states that refunds due the taxpayer will come out of the calculation for the distribution of funds.

Exhibit 1 The bill indicates that the severance tax be at the same level as the tax outside reservations. The Indian population in the state is 6-7%. The Indian population in Montana's prisons is close to 25%. There are reasons why this disparity exists. This is an attempt to do something positive for the reservation which will create jobs. More importantly, it will right a wrong that the state has been denying for some time. Usually, the state does things first and consults with tribes

afterwards, and this does not make for a good relationship. The negotiations on reserved water rights are currently taking place, and everything that the state does will have an effect on those negotiations. Some may call this blackmail; however, these water rights negotiations are critical to the state's welfare. This is a much broader bill than it appears to be.

HEARING ON SB 468

Opening Statement:

SEN. GAGE explained the bill, which provides a number of clean-up and clarification measures proposed by DOR and the Senate Taxation Committee. These provisions could have been put into other bills, but because these other bills had political implications and were not guaranteed to pass, the committee thought it would be safer to make a separate bill for them. SB 468 defines the calculation of state and local government severance taxes. For state severance tax, gross taxable value means the sale price. For local government severance tax, gross taxable value means the sale price minus royalty. The bill includes the local government severance tax in the areas of warrant for restraint, small fees, negligence in filing a return, etc. The Board of Oil and Gas Conservation, rather than DOR, will now determine the qualifications for tertiary projects.

Proponents:

Doug Abelin, Northern Montana Oil and Gas, spoke in favor of the bill.

Opponents: None

Questions:

REP. THOMAS asked whether there had been any opposition to the bill in the Senate. **REP. GAGE** said there had not been.

HEARING ON SB 359

Opening Statement:

SENATOR DENNIS NATHE explained the bill, which provides an incentive program to attract doctors back to rural areas. There are 18 counties in the state without any practicing M.D.'s, and 22 counties with no OB/GYN services. SB 359 is part of a three-pronged approach which includes increasing Medicaid rates for obstetric and pediatric services, and the surcharge on the WICH/WAMI slots to generate funds to allow those programs to continue. SB 359 provides for a \$5,000/year income tax credit for WICH/WAMI graduates, applicable for three years. The bill specifies that the doctors be in practice for at least nine months in any one of those years in order to claim the deduction. "Rural areas" are defined as areas with one hospital of 50 beds

or less in any 30-mile radius. Each medical doctor creates approximately 17-18 additional jobs. Hospitals in many small towns in Montana are struggling to survive, and this bill attempts to help them out.

Proponents:

Tom Cherry, Montana Hospital Association, spoke in favor of the bill. Montana rural communities are at high risk, and have been declining for close to ten years. Today there are an estimated 10,000 vacancies in family practice positions in rural America. There is a highly competitive situation for doctors in this country, and rural areas are at a large disadvantage. Urban communities continue to draw the most new doctors, and this state needs to provide incentive for these doctors to enter into practice here, as well as for established doctors to remain in practice.

Bob Frazier, University of Montana, spoke in favor of the bill. **Exhibit 2** There are currently 48 openings for physicians in Montana; most of those are in rural areas. In 1981, the federal government discontinued the rural physician recruitment program. This bill will help us become competent again in recruiting physicians to Montana.

Jerry Lindorf, Montana Medical Association, spoke in favor of the bill. The rural physician situation in Montana will continue to deteriorate if something is not done. These tax credits are targeted only towards rural physicians. The average physician leaving medical school is \$46,000 in debt. There is a very high overhead for beginning physicians as well, especially those in rural areas who will probably need to buy much of their own equipment. Although physicians' salaries are high, they are not as high in Montana as they are elsewhere, and often not high enough to compensate for the inconvenience of living in a remote area. The state must offer additional compensation.

REP. FOSTER, Board of Directors, Broadwater Health Center, spoke in favor of the bill. The legislature should do everything in its power to help improve the rural physician situation in Montana.

Opponents: None

Questions:

REP. SCHYE asked why the definition for "rural" was set at 50 beds. **Mr. Frazier** said those hospitals with less than 50 beds are at the greatest risk of losing their physicians. **REP. SCHYE** said the hospital in Glasgow has 55 beds, and Glasgow is quite rural.

REP. WANZENRIED asked whether other states had implemented similar legislation. **Mr. Frazier** said Oregon has a similar law.

REP. WANZENRIED asked whether the tax deduction should be extended from three years to four, since retention of physicians in rural areas is nearly as difficult as recruitment. Mr. Frazier said he is open to an extension.

REP. REAM asked why the deduction program would be restricted to WICHE/WAMI students, since they are already getting state support. There are other medical students from Montana besides those on the WICHE/WAMI program; why should they be denied support? Mr. Frazier said the committee wanted to ensure that retirement-age physicians from other states couldn't move into Montana, open a half-time or very limited practice, and get the tax deduction. SEN. NATHE added that the committee had been told if WICHE/WAMI were not included in the bill, the bill would not make it out of committee.

REP. NELSON said it would be difficult to start a rural physician at a sufficient income level to require \$5000 of income tax. There should be a carry-back (or carry-forward) provision in the bill to cover those years that the physician does not make enough money to qualify for a deduction of that size. Mr. Frazier said the bill was designed to augment HB 974, which provides four years of loan repayment to medical students from Montana who return to the state to practice medicine.

REP. MCCARTHY asked whether students from other states would qualify for the deduction. Mr. Frazier said they would not.

Closing Statement:

SEN. NATHE said the average age of physicians in rural areas of Montana is increasing. Even a city like Kalispell is having problems recruiting doctors to its hospital. Montana must do all it can to catch up for the ground lost in the area of rural medicine, and an income tax deduction, while not a final solution, will certainly be a strong incentive to new physicians.

HEARING ON SB 435

Opening Statement:

SENATOR BOB BROWN explained the bill, which imposes a 5% surtax on income taxes and appropriation licensing income taxes to support the university system if approved by the voters in the primary election. The Governor's Commission for Higher Education report indicated that to become competitive with other universities in other parts of the country, Montana would need to commit at least \$45 million and perhaps as much as \$90 million to its university system. From 1981 to 1990, the university system received only small increases in funding which did not even come close to keeping up with inflation. This decline cannot continue. The bill places a 5% surcharge on both corporate and personal income tax if approved by the voters. There is an amendment that ties the money directly to the priorities outlined

in the study commission's "For the '90's and Beyond" report. If given the opportunity to move the university system forward, the people of Montana will probably vote for this measure.

Proponents:

John Hutchinson, Commissioner of Higher Education, spoke in favor of the bill. "Peer catch-up" is crucial to Montana's university system. Montana's universities are at approximately 70% of their peer institutions, and perhaps less. A decade ago, Montana universities were at parity with their peer institutions. These funds would be used to take care of accreditation problems, library and instructional equipment, and infrastructure maintenance. The university system is working on consolidation of administrative positions, as well as developing a fully transferable "core curriculum" of 24 semester credits which will be offered at all units of the university system. Professional programs are the next step.

Opponents: None

Questions:

REP. O'KEEFE asked how many votes would be needed to get the measure on the ballot. **SEN. BROWN** replied a majority vote will be sufficient, since the measure is not a constitutional one.

REP. FOSTER asked why the measure will be put on the primary election ballots instead of the general elections ballots. **SEN. BROWN** said having the measure voted on in June would allow several more months for the funds to be allocated, if the measure passes. Additionally, if the measure were in the main election, it could become a political issue used for campaign purposes. Finally, the people who participate in the primary elections are generally better educated than those who do not; these people would be much more likely to support funding for higher education.

REP. REAM asked if the sponsor intends to keep a sunset provision off the bill, so that the funds collected would always be earmarked for the university system. **SEN. BROWN** said that was his intent. There is a tradition of guaranteed revenue for an earmarked purpose. **REP. REAM** asked why the measure was not then called an increase in income taxes. **SEN. BROWN** said he wanted to ensure clarity on the ballot.

REP. HANSON asked whether an easier solution would be to increase the six-mill levy. **SEN. BROWN** said property taxes are more onerous than income taxes in Montana.

REP. ELLISON asked what the precedent is for putting this measure on the primary ballot. **SEN. BROWN** said that school fund elections are also held separately.

REP. REAM noted that the fiscal note for FY93 looks somewhat low. SEN. BROWN said that was because the measure wouldn't pick up the entirety of the year's taxes. Judy Rippingale, DOR, clarified that in FY93, the bill would only affect those with income tax withheld or estimated.

Closing Statement:

SEN. BROWN said polls have shown that Montanans are willing to support more funding for the university system. A 5% surcharge on income tax would bring in \$37-38 million that the university system could count on.

HEARING ON SB 459

Opening Statement:

SENATOR FRED VAN VALKENBURG explained the bill, which is similar to REP. KADAS' HB 222, which has been tabled. SB 459 gives local voters and officials the right to relieve their jurisdiction from I-105 restrictions, raising property taxes if they decided it was in their best interests to do so. The bill is not an I-105 repealer, but offers a mechanism for certain property tax-dependent jurisdictions that may find it necessary to raise property taxes. HB 28 provided relief to the schools; cities and counties deserve the option for a similar relief mechanism. Unlike HB 222, this bill has an immediate effective date. It passed the Senate by a wide margin.

Proponents:

Alec Hansen, Montana League of Cities and Towns, spoke in favor of the bill. I-105 has had a devastating effect on cities and towns across the state. A 6% inflation rate, combined with property tax increases, cost the cities and towns in Montana \$250,000/month. Municipal budgets are stretched to their limits; cutbacks are even being extended to basic public safety services. The repeal is effective only if the voters approve it. There is currently a provision that allows suspension of I-105, but only in cases of fiscal emergency, and the suspension must be re-approved every year. This bill allows a permanent suspension if needed.

James Lofftus, Montana Fire District Association, spoke in favor of the bill. Almost all of Fire District C's revenue comes from property taxes. I-105 has done much damage to several fire districts around the state; SB 459 provides a mechanism for localities to repair some of this damage.

REP. BEN COHEN spoke in favor of the bill. Many jurisdictions are currently using non-tax revenue to make up for shortfalls in their property tax revenues caused by I-105; this is a less progressive and less fair method than taxation. According to DOR figures, non-tax revenues in the seven most populous counties

(Yellowstone, Missoula, Cascade, Flathead, Gallatin, Lewis and Clark and Silverbow) increased from 21.6% of revenue to 22.8% (a 5% increase). The percentage of non-tax revenue in Flathead County's budget increased from 14% to 21% (a 50% increase). Using non-tax revenue to fund services designed to be funded with tax revenue is not a fair practice. SB 459 will allow for more equity in the system by letting localities suspend I-105 caps.

Opponents:

Gordon Morris, Montana Association of Counties (MACO), spoke against the bill. MACO's board of directors voted 17 to 1 against any measure that would allow the local option repeal of I-105. I-105 was a statewide initiative, approved on a statewide basis by a majority of the voters, that directed the legislature to do something about tax reform. There was nothing in the initiative that said it could be repealed on a local option basis. Local option repeal of I-105 would defy the will of the majority of the voters in Montana.

Dennis Burr, Montana Taxpayers' Association, spoke against the bill. Local option repeal of I-105 is unnecessary, since jurisdictions already have the power to suspend the initiative in cases of fiscal emergency. Since schools have been removed to a large extent from the initiative's limitations, this relieves much of the cities' and towns' fiscal pressure. However, if the committee is going to adopt the bill, it should consider taking schools out of the voting procedure, since they could reimpose the property tax freeze.

Questions:

REP. COHEN expressed concern about the jurisdictions who might vote to remove their I-105 caps but will continue to be capped under the permissive levy. **SEN. VAN VALKENBURG** said there is a provision in local government property tax laws that allows for a 5% increase in budgets, which can then be paid for via mill levies even if local governments are at their mill levy caps. That may or may not apply to fire districts.

REP. ELLIOTT asked for clarification of MACO's position on local option taxes. **Mr. Morris** said MACO has supported local option taxes. **REP. ELLIOTT** said voter-approved suspension of I-105 limitations is essentially the same as local option taxes, since a suspension of I-105 would raise property taxes, and asked why MACO supported one measure but not the other. **Mr. Morris** said voting on a local option tax is a separate issue from voting to remove I-105 suspensions.

REP. REAM asked whether the voters in Missoula supported I-105. **Mr. Morris** said Missoula voters did not support I-105. **REP. REAM** said I-105 was thus imposed on the voters of Missoula by the will of the state. **Mr. Morris** agreed, but noted that I-105 was a statewide initiative.

Closing Statement:

SEN. VAN VALKENBURG said it is possible that a school district could vote to reimpose I-105 limits, and the committee may want to consider an amendment. On page 1, line 21, following "part," insert "as a result of Section 1-A." This would mean that the reimposition of I-105 limits could be done by a jurisdiction that had taken the I-105 limits off under a vote in Section 1-A of the bill. **REP. KADAS** and other legislators from Missoula are not attempting to pass this type of legislation simply to please our constituents. **SENS. HARP, BROWN** and **THAYER** voted for this bill in the Senate; it had bipartisan and multi-locality support. There must be a relief mechanism for I-105. If people know that the initiative was designed to produce a general sales tax in Montana, but the factors of I-105 have not been able to produce one. It does not help the cause of those who supported the original reasons for I-105 to starve the fire districts. Local jurisdictions should have the option to suspend the limitations of I-105.

ADJOURNMENT

Adjournment:


DAN HARRINGTON, Chair
JULIA TONKOVICH, Secretary

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE 4/11/91

| 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 | ✓ | | |
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EXHIBIT 1

4/11/91

SB 464

AMENDMENTS TO SENATE BILL NO. 464

Third Reading (Blue Copy)

Prepared by the Department of Revenue

The amendments provide that the prior to distributing the money to the tribe the department will deduct any tax refunds given to taxpayers on the reservation.

1. Page 2, line 15.
Following: "(2)"
Insert: "and the amounts necessary for refunds"
2. Page 4, line 21.
Following: "(2)"
Insert: "and the amounts necessary for refunds"



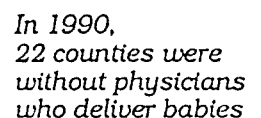
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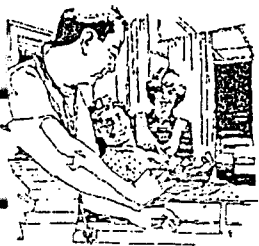
“Over the past decade physicians continued to exodus in mass from rural Montana.”

- *Lack of access to emergency care;*
- *Lack of obstetrical/pediatric care;*
- *Lack of access to care for an aging population (many on fixed incomes) who must travel long distances complicated by disabilities, hearing loss, sight loss, need of a traveling companion, and resulting increased costs for transportation, food, and lodging;*
- *Loss of revenue base to a community.*

Certainly declining county population has an influence on physician loss. In addition, no single factor may be more important to this loss or exodus than malpractice insurance related problems. Recent statistics provided by the Montana Academy of Family Physicians and the Montana Medical Association clearly illustrate this loss of physician providers. (See Table 4.)

TABLE 4
Montana Counties Without Physicians Who Deliver Babies





"...for every dollar spent in early prenatal care, \$3-4 will be saved over the long term."

In sparsely populated areas, physicians depend upon one another for backup and consultation. When a physician leaves or terminates a service, additional pressure is placed on the remaining doctor(s), frequently triggering a chain reaction resulting in further physician loss. Then, because of the lack of providers, the obstetrical unit in the local hospital closes, forcing women to turn to other towns and other providers for perinatal services, an added expense to the economically disadvantaged rural family. The course is then set for inadequate perinatal care and pre-term delivery with resultant low birth weight infants and, as we have seen, an increase in the infant mortality rate. This is a tragedy to those who suffer the loss, it is also expensive. Available data indicate that for every dollar spent in early prenatal care, \$3-4 will be saved over the long term.

Inadequate compensation by Medicaid can lead to termination of obstetrical services or refusal to participate in the Medicaid program. Adequate compensation becomes an important motivation for physicians as the number of Medicaid-eligible women expands and the number of physicians who practice obstetrics declines.

① Legislation

- *As noted in Step 2, Governor Stephens is requesting that the Legislature approve increased Medicaid rates for obstetrical and pediatric services. This action will improve access to care for pregnant women and children and help provide financial support for physicians in rural and economically deprived areas.*
- *Governor Stephens is proposing legislation to provide a tax credit of \$5,000 a year, not to exceed three years, for new physicians locating in rural areas. Rural is defined as communities where the hospital is fifty beds or fewer or where no hospital is present.*

② Executive Action

Currently, there are 48 openings for doctors in Montana. In order to address the shortage of physicians in rural areas, Governor Stephens is recommending the following action:

- *The Board of Regents would impose an 8% tuition surcharge on all WAMI/WICHE medical students.*
- *The 8% surcharge money would create a pool of funds to entice doctors to practice in rural areas of Montana. The program could recruit up to seven physicians per year. For the purpose of this proposal, rural would be defined as an area with no hospital or a hospital with fifty beds or less.*
- *The incentive pay provided to each returning physician would be administered by the Board of Regents to be paid as follows: \$4,000 the first year, \$6,000 the second, \$8,000 the third, and \$12,000 the fourth and final year.*

The Governor believes when this program is applied with the aforementioned tax credits and incentives from communities, that the state will have a viable program of physician recruitment for rural areas within the state.

- *The Governor has directed SRS staff to review unusual costs of providing health care services in rural areas and extraordinary costs of health care service delivery as part of a study of hospital costs to be undertaken in fiscal year 1992. The cost of the hospital rate study is included in the Governor's executive budget request to the Legislature.*

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

TAXATION COMMITTEE BILL NO. SB 464
DATE 4/11/91 SPONSOR(S) SAGE VanVallenburg GAGE
PLEASE PRINT PLEASE PRINT PLEASE PRINT

| NAME AND ADDRESS | REPRESENTING | SUPPORT | OPPOSE |
|------------------|---------------------|---------|--------|
| Kay Foster | Billings Chamber | ✓ | |
| Dee Abelin | N. M. Oil & GAS | ✓ | |
| Bob Gowans | H.D. #9 | ✓ | |
| NICKLE LUCAS | FT. PECK TRIBES | ✓ | |
| Janelle Gallan | Mt. Petroleum Ass'n | ✓ | |
| Mike Stepha | MT Oil & Coal Co. | | X |
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PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

TAXATION

COMMITTEE

BILL NO. SB 468

DATE 4/11/91 SPONSOR(S) GAGE

PLEASE PRINT

PLEASE PRINT

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| NAME AND ADDRESS | REPRESENTING | SUPPORT | OPPOSE |
|------------------|-------------------|-------------------------------------|--------------------------|
| DOUG ABELIN | N. M. D. L. & GAS | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
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PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
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HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

TAXATION COMMITTEE BILL NO. SB 359
DATE 4/11 SPONSOR(S) NATHE

PLEASE PRINT

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

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

TAXATION

COMMITTEE

BILL NO. SB 435

DATE 4/11/91 SPONSOR(S) BROWN

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

| NAME AND ADDRESS | REPRESENTING | SUPPORT | OPPOSE |
|------------------|-------------------|---------|--------|
| J. Hutchinson | Com. of Higher Ed | ✓ | |
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HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

TAXATION COMMITTEE BILL NO. SB 459
DATE 4/11/91 SPONSOR(S) VAN VALKENBURG
PLEASE PRINT PLEASE PRINT PLEASE PRINT

| NAME AND ADDRESS | REPRESENTING | SUPPORT | OPPOSE |
|--------------------|---------------------|---------|--------|
| Gordon Morris | MAC | | X |
| Dennis Brown | 1st Touhy Ave | | X |
| JAMES A. LOFTUS | MT FIRE DIST ASSOC | ✓ | |
| DEBBIE SCHLESINGER | MT - LIBRARY ASSOC. | ✓ | |
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