

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, on January 30, 1991,
at 8:00 a.m.

ROLL CALL

Members Present:

Mike Halligan, Chairman (D)
Dorothy Eck, Vice Chairman (D)
Steve Doherty (D)
Delwyn Gage (R)
John Harp (R)
Francis Koehnke (D)
Gene Thayer (R)
Thomas Towe (D)
Van Valkenburg (D)
Bill Yellowtail (D)

Members Excused:

Robert Brown (R)

Staff Present: Jeff Martin (Legislative Council).

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

Announcements/Discussion: None

HEARING ON SENATE BILL 159

Presentation and Opening Statement by Sponsor:

Senator Manning, District 18, said the bill exempts golf carts from the fee in lieu of tax for off-highway vehicles by providing that a golf cart is not an off-highway vehicle.

Proponents' Testimony:

Cort Harrington, Montana County Treasurers, said the bill was introduced at the request of the Treasurers' Association. The definition applies to any recreational vehicle used on public

lands. He pointed out public golf courses are on public lands and golf carts used on them are subject to the fee in lieu of tax while carts used on private golf courses are not. The bill is introduced to make the law equitable in its application to golf carts used on both courses.

Dick Michilotti, Cascade County Treasurer, expressed support for the bill. He pointed out the golf carts available for rent on the public courses must be licensed which is a large expense for the person running the club. At the same time the private clubs do not have to license their carts. He urged the Committee to pass the bill

Opponents' Testimony:

Ed Feist, Montana Trail Vehicle Riders, said the bill was originally intended to be a vehicle for obtaining legal title to the golf cart and that provision should be retained.

Questions From Committee Members:

Senator Van Valkenburg asked why golf carts were taxed in the first place.

Mr. Michilotti said the Justice Department deemed them off-road vehicles.

Senator Towe asked about the title problem.

Mr. Michilotti said there is no problem as title can be obtained without licensing.

Closing by Sponsor:

Senator Manning Closed.

HEARING ON SENATE BILL 128

Presentation and Opening Statement by Sponsor:

Senator Halligan, District 29, sponsor, said the 1985 legislature recognized the existence of a problem in resort communities when the large influx of people created demands on services that the tax base could not adequately support. Legislation was passed giving incorporated areas the flexibility to expand their tax base by adopting a resort luxury tax only in communities where the majority of the economic income is derived from people who come from outside the incorporated area. Senator Halligan said the legislation is working very well in West Yellowstone.

SB 128 is exactly the same legislation applied to an unincorporated area. The area would define its boundaries and then be able to work through the County Commissioners to establish the 3% resort luxury tax for the defined area.

The unincorporated area would have to be designated by the Department of Commerce as a resort area prior to the County Commissioners establishing the resort area. Red Lodge, West Yellowstone, and Virginia City are the only three designated resort communities in Montana. Senator Halligan noted page 4, line 5, adds ski resorts to the list of establishments subject to the tax. He said that subsection will be amended to "destination ski resort" in order to limit the designation to an area with sufficient voters to support the tax election.

Proponents' Testimony:

Mona Jamison, representing the Big Sky Resort Association, reviewed the key aspects of the bill:

1. The bill is patterned after the 1985 legislation.
2. It applies only to unincorporated areas with a population of under 2500 people.
3. The Department of Commerce determines the designation as a resort area using the export based model of economics which is a "state of the art" determination of the tourist industry.
4. Unincorporated areas have less ability to levy a tax to raise the money needed to support the infrastructure of the area.
5. A petition containing a description of the resort area, rate, duration, effective date, and purpose of the tax, and signed by at least 15% of the electors of the designated area is submitted to the County Commissioners.
6. The tax is imposed only on luxury goods and the destination ski resorts are added into that section of the bill.
7. The proposed uses of the resort tax must be stated in the resolution and approved by the electors (see Exhibit #1).

Non-resident travelers to Montana in 1988 spent \$658 million that resulted in a \$1.4 billion total economic impact to the state. These dollars were spent on luxury items: 28% on retail sales, 27% food service, and 18% lodging. State advertising is working. The Department of Commerce is conducting an aggressive advertising campaign for both summer and winter seasons. She noted three different advertisements for Montana and various resorts in Montana in the November, 1990, Snow Country magazine.

The small unincorporated areas surrounding destination ski resorts do not have the ability to raise the revenue needed to support services for their local areas when they are impacted by the large number of consumers. It is important to those areas that the tourists like the area and have the services available that they need and want for their comfort during their visits. If they are comfortable in that location, they will return.

Pete Lineberger, West Yellowstone Town Attorney and a representative of the Big Sky Owners Association and a resident and lawyer in Bozeman, said his experience with the resort community tax in West Yellowstone is that it has been an unmitigated success. The tax is popular with the business community and the townspeople. There are now sidewalks everywhere, storm sewers, and new streets throughout the town. The ripple effect has resulted in a new central water system where there was no central water previously. He noted over one million people come through West Yellowstone a year. The vast majority of these people also stop at Big Sky. Big Sky could benefit greatly from the tax if it is implemented. It is an unincorporated area and suffers even more from lack of services that an incorporated area would under the same impact from the tourist trade. He said the improvements to the infrastructure would mean more people would come to Big Sky, they would stay longer because they are more comfortable there.

Bob Donovan, resident and owner of the Country Store at Big Sky, presented his testimony in support of the bill to the Committee (Exhibit #2).

Taylor Middleton, Director of Marketing, Big Sky, presented his testimony in support of the bill with a large chart the rough draft of which is attached to these minutes as Exhibit #3.

Wayne Hill, Chairman of RID 305, the local sewer district at Big Sky, said they are currently planning an expansion of the sewer system in order to take care of the increased number of tourists visiting Big Sky. They are also attempting to buy the privately owned water system currently in place so that it can be upgraded to meet the current demands. Montana fish and game and water quality personnel keep tight watch on the effluent at Big Sky because of the blue ribbon trout stream just two miles away. The water system is completely self-contained - no water escapes into the Gallatin River from Big Sky. However, the system is in dire need of expansion because of the impact of the large growth in tourism.

Richard A. Barton, Chairman of the Gallatin Canyon Rural Fire District, spoke to the Committee concerning public safety (Exhibit #4).

Lou Spain, President, Past President of the Bozeman Chamber of Commerce and Past President of Big Sky Owners Association, expressed the support of both groups for the bill. He said the resort area is of great economic value to the state and Bozeman as well. The airport boardings at Bozeman are "huge" and a bus service is running to and from Big Sky several times daily.

Douglas Bing, a 17 year resident of Big Sky and owner of a business in the service and retail industry, and President of the Big Sky Homeowners Association, said their 1300 members provide the entire base of necessary services for the resort. He said the resort will spread the cost of the services across a much broader base. The recreational business is extremely competitive and the community must constantly be upgrading the services and amenities in the area. A well-maintained and comprehensive infrastructure is critical to maintaining the market edge.

Bill Murdock, Administrator, Big Sky Owners Association, presented his testimony in support of the bill. His testimony was based on a large chart on current infrastructure needs which is represented in the rough draft (Exhibit #5).

Gene Phillips, Winter Sports, Inc. of Kalispell, owner of Big Mountain Ski Area, said he agreed with the previous testimony and urged the Committee to give the bill favorable consideration.

Mike Scholt, Buck's T-4 Lodge, Marketing Chairman for Yellowstone County, and Past President of Big Sky Owners Association, presented his testimony in support of the bill (Exhibit #6)

Bill Schaap, Lone Mountain Ranch Partner and Manager, said 94% of the people who stay at the ranch are from out of state and spend an average of \$154 per person per day while at the ranch. He said tourism is big business in Montana and it is important to be able to compete. He said tourists expect to pay the tax and are very surprised that there is no tax at Big Sky. He estimated the tax would generate at least \$75,000 annually in his business alone that would go to providing critical services to the community. He urged the Committee to support the bill.

Gordon Morris, Montana Association of Counties, said the bill will create islands of prosperity across Montana. The Big Mountain area and Seeley Lake could both be likely resort area designees. He said passage of the bill would alleviate a great many of the infrastructure problems so prevalent now.

Laurie Shadoan, Bozeman Chamber of Commerce, presented her testimony in support of the bill (Exhibit #7).

James Tutweiler, Montana Chamber of Commerce, said the bill makes good economic sense and is desperately needed by many communities. It would have a direct positive impact on the largest industry in the state. He said he supports the testimony of the previous supporters of the bill and hoped the Committee would also support the bill.

Opponents' Testimony:

Mark Staples, Montana Tavern Association, said he had some concerns about the bill which Mona Jamison had very capably answered just prior to the hearing. He said he would like to have "destination" well defined in the bill.

Questions From Committee Members:

Senator Towe said there are two separate counties in the Big Sky area. He asked what the procedure would be for petitioning the County Commissioners in that case.

Mr. Lineberger replied he had carefully researched this and it was his opinion that two separate petitions would have to be prepared and presented to the Commissioners of both counties and voted on by the residents of both communities.

Mr. Barton said there is an inter-agency agreement between Gallatin and Madison Counties regarding the fire-district at present. Each county collects the taxes, they are remitted to Gallatin County and then are paid to the district. He anticipated the boundaries would be approximately the same as the fire district and the procedures would be very similar.

Senator Thayer asked Mr. Middleton if the tax on goods and services is in addition to the bed tax in West Yellowstone.

Mr. Middleton said the it is over and above the bed tax. There has been no discernable affect on the ability to attract tourists to the West Yellowstone area because of the additional luxury tax.

Senator Thayer said he felt that even though this is a resort tax, it appears to be a sales tax.

Senator Halligan said yes, it is.

Senator Doherty expressed concern that a seasonal tax might raise questions of due process and equal protection.

Mr. Lineberger said West Yellowstone has a twelve month tax.

Senator Doherty referred to the definition of a destination ski resort on page 4 and wondered if "destination recreational facility" should also be defined.

Mona Jamison destination and recreational facility are "words of art" in the ski industry and under rules of construction if something is a word of art and has a common meaning it need not be defined.

Senator Doherty asked if one of the uses of the tax would be to develop affordable housing \low income housing at Big Sky.

Mr. Murdock replied that employee housing is deplorable in the Big Sky area and that a minimum of 200 units of low income housing are needed. He felt that the proceeds of the tax could be used to develop that housing.

Senator Towe expressed a concern about gerrymandering as there is nothing to define the manner in which the boundaries could be drawn for the unincorporated area.

Mona Jamison said the initiators of the petition would have to frame it in such a way that it would be passed by the voters. The focus would be to encompass the tourist facilities. She noted West Yellowstone voted to adopt the tax, Red Lodge, on the other had, voted it down twice. The very fact that the people can vote on the district is the protection.

Senator Towe said the definition of luxury items should be tightened somewhat. He said it was fairly open in the original legislation and now West Yellowstone taxes everything except unprepared food, medicine and medical supplies.

Mona Jamison said the standard is "luxury item". This would mean all non-essential products.

Senator Yellowtail said if all the needs for fire protection, water, roads, police, and low income housing exist, why doesn't the area just incorporate.

Mr. Murdock said the density requirement for incorporation is 300 per square mile which many of the resort areas cannot meet. The option is to give unincorporated areas the ability to impose the resort luxury tax.

Mr. Lineberger said there is also the problem of registered electors versus owners of land. In the petition for municipalities there are freeholders. In the petitions for taxing districts there are electors. They are two different things, and with so many absentee owners in the Big Sky community you could end up with non-resident owners being the majority of the electors if you wanted to establish a municipality.

Senator Eck asked if the boundaries of the water and fire district are co-terminus with precinct lines.

Mr. Hill said they are different. The fire district is much larger than the water district. The precinct boundaries are, in turn, much larger than the fire district.

Closing by Sponsor:

Senator Halligan closed saying the demands on services are so great and there is not a large enough tax base to meet the need for those services. He said the tax is defined for very specific areas, specifically unincorporated areas below 2500 residents with a significant tourist impact. He noted the process provides for voter notification and hearings. He said there is no basis for the "domino theory" in relation to the spread of a sales tax. There is a serious strain on the infrastructure because of the impact of tourism in the relatively small areas affected by the proposed bill. He said this is a matter of equity for those people who support the resort areas with their businesses and services.

Senators Gage and Towe asked if some time could be reserved at a later date for more questions.

Vice Chairman Eck said time would be made available for that purpose.

HEARING ON SENATE BILL 111

Presentation and Opening Statement by Sponsor:

Senator Halligan, District 29, sponsor, said the bill addresses the concern across Montana with recycling. The bill endeavors to incorporate the best from other states involved in recycling and also to encourage private sector involvement. He directed the Committee's attention to page 2, lines 3-10, in which retail businesses, recyclers, and manufacturers are encouraged to purchase equipment to collect reclaimed material and manufacture products from such material. He noted the definitions on page 3 and the tax incentives on page 4. The incentives are equal to 5% of the cost of the property purchased to collect, transport or process. The credit can be taken for the year in which the property was purchased and for 3 to ten consecutive years. This can end up being a 50% credit for the person investing in a major piece of recycling equipment such as a truck. After conferring with the Department of Revenue, he felt it may be hard to deal administratively with the incremental credit. As a solution, he said it would be possible to offer a one time, up front, 25% credit. Senator Halligan said this is a major and comprehensive incentive bill which deals boldly with the recycling issue in this state. Montana is one of the few states left which has virtually no recycling legislation.

Proponents' Testimony:

James Tutweiler, Public Affairs Manager, Montana Chamber of Commerce, said the Chamber supports the bill. He noted there are several positive features in the bill. It promotes conservation and cuts the waste stream in the state. Businesses are encouraged to get involved in conservation and recycling and as a result there is the potential for more business development. He noted the national trend is toward mandating businesses to specific tasks. SB 111 offers incentives, which are motivational and work much better than mandates. He pledged the support of the Chamber to the bill and offered promotional assistance in its implementation.

Janet Ellis, Montana Audubon Legislative Fund, said the incentive approach is a good way to encourage recycling. She pointed out several technical points that need to be addressed. On page 3, the definition of reclaimed material, lines 14 - 15, addresses solid waste which she felt needed to be defined and clearly defined as municipal waste rather than hazardous waste as cited in 75-10-103. She further noted page 4, lines 21 - 22, contain a possible tax incentive for hazardous waste facilities as there could be a tax incentive for manufacturers of a product from reclaimed materials. Hazardous waste incinerators can produce a product known as energy, therefore, the incentive could come into play. She also felt there needed to be a consistency in the definitions of industrial and hazardous waste on page 6, line 3. Ms. Ellis felt the vagueness of the language on page 5, line 6, needed to be clarified.

Chris Kaufman, Environmental Information Center, said the Center supports recycling and this bill makes it much easier to provide and support recycling in the state. The Center did a two year study on recycling and they share some of the same concerns that Ms. Ellis expressed. She said a break should not be given to solid waste incinerators and the definitions in 75-10-203 should be used rather than those in 75-10-103 regarding hazardous waste and solid waste.

John Fitzpatrick, Pegasus Gold, said Pegasus is not involved in recycling. He said mine waste is a recycling issue but would probably have to be dealt with in a separate bill. He said the incentives in the bill are good as mandates are not generally successful. He pointed out regulation has a high administrative cost, however, it does work well if there are a small number of entities that must be regulated. He felt the bill was a conservative approach to the recycling problem and one which deserved careful consideration. He felt the sunset provision gives the bill a reasonable time to operate without continuing the incentives and breaks indefinitely.

Jerry Noble, Jerry Noble Tire and the Montana Tire Dealers, expressed support for the bill. He said it would encourage the retreaders in the state to recycle old tire casings.

Dan Lockrem, U. S. West, said his company has recycled in metals for quite some time. In more concentrated areas the company recycles a great deal of paper. The less concentrated areas need incentives to support the economical recycling of materials. He felt the bill would be very helpful in dealing with the landfill problems now beginning to surface across the state.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

Senator Koehnke asked if styrofoam products can be recycled.

Mr. Lockrem said he is not sure, but his company discourages their use as many other segments of the population are now doing.

Senator Towe wondered if the both the collector and the professional who receives the recycled material would be eligible for the credit.

Senator Halligan said he felt both would be eligible.

Senator Gage said Section 4 addresses a 5% depreciation allowance on a business related expense. He asked if this would be an additional depreciation allowance if recycled materials were used.

Senator Halligan if the business is purchasing reclaimed material that meets the definition, it would be eligible.

Closing by Sponsor:

Senator Halligan closed and thanked the Montana Chamber of Commerce for their pledge of support. He said recycling is the growth industry of the 90's. He said the industry will generate jobs and high level jobs such as engineering. He noted there is a danger in offering too many incentives for too long, hence, the sunset provision. He said Montana needs to look long range and this is a good vehicle for long range planning and development of Montana industry.

ADJOURNMENT

Adjournment At: 10:00 a.m.



SENATOR MIKE HALLIGAN, Chairman

JILL D. ROHYANS, Secretary

MH/jdr

DATE

1/30/91

COMMITTEE ON

Taxation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
GEORGE OCHENSKI	GREAT DIVIDE SKIING CO.	SB128	AMEND	
Chris Kaufman	MEIC	SB111	X	
Janet Ellis	MT Audubon	SB111	AMEND	
ED FEIST	MT TRAIL VEHICLE RIVERS	SB159		✓
GENE PHILLIPS	BIG MOUNTAIN SKI AREA	SB128	X	
Brian McNeil	MEIC	SB111	X	
Bill Mueck	Big Sky Owners Assoc	SB128	X	
Lynne Hill	Big Sky	SB128	X	
Douglas K. Brung	Big Sky	SB128	X	
John Quinn	B. Sky	SB128	X	
TAYLOR MIDDLETON	BIG SKY	SB128	X	
Richard A. Barton	Gallatin Canyon Rural Fire Dist	"	X	
Pete Lindeberger	Big Sky Owners Assoc	SB128	X	
Bob Schaefer	Loon Mtn Ranch	SB128	X	
Lore Spain	Big Sky Owners Assoc	SB128	X	
MIKE SCHOLTZ	BUCK'S T-Y Lodge	SB128	X	
Samantha Sanchez	MAPP			
Wesley Adams	DO R			
Gordon Morris	MACO	SB128	✓	
MONA JAMESON	BSOA	SB128	✓	
John Fitzpatrick	Pogonus Gold Corp	SB111	✓	
Sen Richard E. Manning	Senate Dist 18	SB159	✓	
Paul Schuler	ERC	SB111		
Laurie Shotton	Bozeman Chamber	SB128	✓	
DAN WALKER	US WEST	SB111	✓	
JERRY NOBLE	Jerry Noble tires	SB111		

(Please leave prepared statement with Secretary)

1-30-41

Taxation

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 1/31/91

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN			X
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	✓		
SEN. KOEHNKE	✓		
SEN. THAYER	X		
SEN. TOWE	✓		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

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SENATE JOURNAL
EXHIBIT NO. 1
DATE 7/30/91
BILL NO. 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.

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

*Public Services
sidewalk
parking*

PLEASE SUPPORT SB 128.

THANK YOU.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

Madam Chairman
Committee Members.

Good Morning:

Town of Big Sky
SENATE JOURNAL 1988
EXHIBIT NO. 2
DATE 1/30/91
BILL NO. SB 128

I am Bob Donovan, a resident of Big Sky, MT. My wife and I own the Country Store. I support the extension of the resort tax to unincorporated communities as defined in the proposed bill ^{Senate Bill} (128).

The Big Sky Country Store sells groceries, wine and beer, and gifts. We also have a deli which serves food. The proposed tax would be collected on approximately 50% of our gross sales.

The conventional wisdom would be that we would oppose any proposal which would (1) increase retail prices thus affecting our competitiveness competitiveness (2) increase our costs by administering the collection of the tax (3) and be an additional personal expense to the extent we use products and services covered by the tax (ie meals in our restaurants which we patronize extensively.)

On the contrary, we support this proposal because we feel that our economic interests are directly related to the quality of public services available in our community. The revenues generated will assure that when a ^{Tourist} visitor comes to Big Sky the public services offered will be consistent with the high standards they have every right to expect.

Interestingly our experience with customers is that they are incredulous that they are not paying some fee for the public services they receive.

We employ 6 locals, all of whom want to live in Big Sky just as much as we do. Contrary to the public perception the vast majority of our resident population work so that they may continue to live and raise their families in this very special community. But it becomes increasingly difficult because of the absence of affordable housing. One of the purposes that I believe the generated revenues could be used advantageously is in supporting an affordable housing program.

destination resort.

This is a rare opportunity to enact tax legislation in which there are only 1/30/9
Montana winners. The visitor to our community wins because they have a quality SB/28
experience which encourages them to come back and advise others to visit. The
resident of the community wins because the quality of life is enhanced and we
prosper economically. Gallatin County and the State win by increased tax
revenues resulting from the increased tax base.

THANK YOU

Big Sky Proposed Taxable Items and Project Revenues* (Annual) with Resort Tax

EXHIBIT NO. 3
DATE 1/30/91
BILL NO. 58/38

Retail Sales + Services	<u>sales</u>	revenues w/ <u>3% tax</u>
: ski gear, clothing, souvenirs non-essentials	\$ 4,000,000	\$ 120,000
: restaurant meals, beverages	4,000,000	120,000
: rooms lodging, cab rentals	4,500,000	90,000
: ski lift tickets & passes	5,000,000 4.5,000,000	180,000
: retail services - ski lessons, golf, fishing guides, rafting, etc	3,000,000	90,000
horseback rides	<u>20,000,000</u>	<u>\$ 600,000</u>

95% of the above sales \$

come from Tourists

*source Big Sky Resort Association Service

Before the Montana Legislative Committee
considering a Resort Tax for Unincorporated Areas

SENATE TAXATION
EXHIBIT NO. 4
DATE 1/30/91
BILL NO. 56128

STATEMENT OF RICHARD A. BARTON

I am Richard A. Barton.* I am Chairman of the Gallatin Canyon Rural Fire District. My subject is public safety.

A RESORT TAX WOULD HELP PUBLIC SAFETY

As explained in detail below, proceeds of a resort tax could be used to fund:

1. Better police protection.
2. Constructing and equipping Fire Station No. 2.
3. Fire prevention programs centered on inspections.
4. Fire fighting training.
5. Reliable and extended water supply for fire protection.
6. Improvement of medical and emergency response capability.

DESCRIPTION OF DISTRICT

Big Sky and the Fire District are in Madison and Gallatin counties. Mountain Village in Madison County is a major ski area. It accounts for almost 30% of Madison County real estate taxes and about 40% of Fire District taxes.

Meadow Village is more than 6 miles away in Gallatin County. 3 miles below that is Highway 191. The Fire District serves a "T" shaped area with a stem some 9 miles long having a 12 mile long cross-bar. Police services are stretched to the same extent.

POLICE PROTECTION

Police protection is provided by the Gallatin County Sheriff even though the ski area is in Madison County. Isolated Madison County cannot economically provide coverage, so it entered into an inter-agency agreement with Gallatin County under which it pays Gallatin County and Gallatin County provides "adequate" service to all of Big Sky. Only Gallatin County determines what is "adequate". Big Sky is 44 miles from the County Seat, has few voters, so when emergencies arise or budgets require cuts, services are reduced in Big Sky, not the Bozeman area.

However, Big Sky is filled, Summer, Fall and Winter, with visitors who come to enjoy the many recreational opportunities. Many employees provide needed visitor services. When the sun goes down, visitors and employees may repair to local watering holes. Others may hit the road, sometimes in terrible weather, to West Yellowstone or Bozeman and I-90. Pressure on police increases. Incidents and accidents occur - not just from 8:30 am to 5:00 pm, but around the clock. Big Sky needs full-time police protection, but Gallatin County says it cannot afford to assign sufficient deputies.

FIRE PROTECTION

The Fire Department began as all volunteer, raising money by begging and running benefits. Later it was incorporated as the Gallatin Canyon Rural Fire District, with real estate taxing power. All fire fighters and the Chief are volunteers. Fire Station No. 1 is in the Meadow Village area, 3 miles from the highway and over 6 miles from Mountain Village. It houses most of the firefighting and emergency medical equipment. Fire Station No. 2 is a donated space in the Mountain Mall, marginal at best, inadequately heated, and houses an older pumper that has suffered from being out of commission during last Winter because it had no heated home during major construction. We are currently unable to build a station or to buy modern engines suited to protect such large property investments and assure reasonable fire insurance rates.

The Volunteer force of from 17 to 22 women and men all work full-time for themselves or Big Sky employers. We lack trained professionals needed to bring them up to desired proficiency. We cannot attract more volunteers, but could if better training were available. We have no inspectors but are considering contracting with outsiders for inspection and training. Funds for that purpose are limited.

The Fire District is concerned about sufficiency and reliability of water supply to areas served by hydrants. We have no control over water distribution to hydrants in Mountain and Meadow Villages. A fire protection reserve is legally required, but there have been several overnight total pressure outages, other times when storage tanks went dry, and occasions when hydrants are inoperative. We were not notified; our response be to the hydrant nearest the fire, and we would have been delayed in finding back-up sources. Quick response time is critical. The water system is in private hands; perhaps it should be in public hands. Such a change might also permit extension of service to areas not served by hydrants.

MEDICAL AND OTHER EMERGENCY SERVICES

Big Sky has no doctors and no ambulance service - nearest services are 45 miles away. Volunteer firefighters, concerned for their own safety and potential victims of fires, have an equipped ambulance and "quick response emergency vehicle" carrying firefighting and equipment useful in automobile accidents, like "jaws of life". Many Volunteers have had emergency medical training and are certified EMT's. For those reasons, our volunteers are the first called in medical emergencies.

The recent report of the Montana Fire Marshall shows our District has one of the highest ratios of emergency medical calls to total calls of any fire department in Montana. Medical emergencies and automobile accidents with reported injuries make up from 75% to 80% of our total calls. Many of these motor vehicles. Others involve visitors making use of recreational opportunities.

We serve those who live here, tourists passing through, recreational visitors and employees who serve them.

Respectfully submitted,

Richard A. Barton

* I reside near Big Sky, where I have owned property since 1974, and been a resident for 5 years, and a Trustee of Gallatin Canyon Rural Fire District for 4 years and Chairman for 3 years. Educated in civil engineering and law and a retired executive and corporate lawyer, I was an elected official in Illinois having oversight responsibility for local police and fire protection, in addition to my 4 years with the Gallatin Canyon Rural Fire District.

file:
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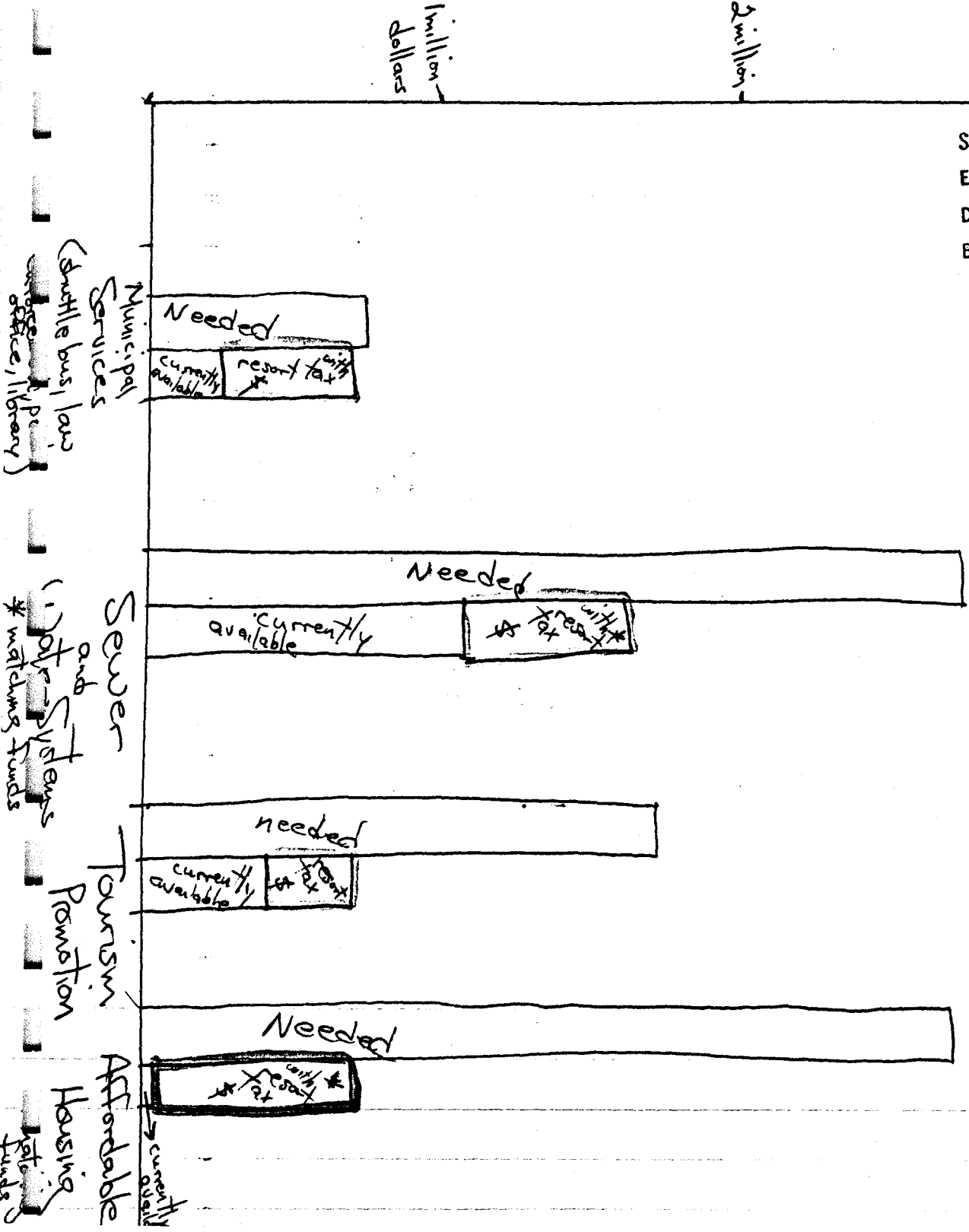
SENATE TAXATION

EXHIBIT NO. 5

DATE 1/30/91

BILL NO. 5B/128

Current Needs
for
Big Sky Infrastructure
and Municipal Services



~~THE RESORT BUSINESS IS A VERY COMPETITIVE BUSINESS~~ TO ATTRACT TODAY'S
DISCERNING TOURIST,
RESPONSE
RESORTS MUST PROVIDE A HIGHER LEVEL OF SERVICE EVERY
YEAR. THIS CAN ~~ONLY~~ BE ECONOMICALLY ACHIEVED THROUGH A USER TAX.
THE RESORT COMMUNITIES AND AREAS OF MONTANA ARE NOT JUST COMPETING AMONG
THEMSELVES FOR THIS BUSINESS. WE ARE COMPETING REGIONALLY, NATIONALLY AND
EVEN GLOBALLY. MANY OF OUR COMPETITORS HAVE MONIES DERIVED FROM TOURIST
ORIENTED TAXES AND ARE USING THEM EFFECTIVELY TO ATTRACT THE TOURISTS TO
THEIR DESTINATIONS. MONTANA RESORT AREAS ALSO NEED THIS TYPE OF REVENUE TO
PROVIDE QUALITY SERVICES. THE ENACTMENT OF A RESORT TAX WILL BETTER ENSURE
DESTINATION
THAT MONTANA RESORT AREAS WILL NOT BECOME SECOND RATE DESTINATION RESORTS.

I HOPE YOU WILL SUPPORT *SENATE*
BILL 123
THANK YOU

SENATE TAXATION
EXHIBIT NO. 6
DATE 1/30/91
BILL NO. SB 128

Vice-Chairman Eck & committee members
SB 128

UKS - Bozeman chamber

Rise in support of SB 128 which broadens
the existing statute for a luxury
resort tax. The Bozeman chamber
supports this bill because it
calls for a vote of the people as
well as that the bill provides
for determination of how the
money will be spent prior to the
vote of the people.

The Bozeman chamber would also
like to remind you, the legislators,
that they strongly support overall
tax reform, which would in many
cases eliminate special ^{taxes} requests which you
will continue to see.

I urge DO PASS for SB 128

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of JAN, 1991.

Name: WAYNE HILL

Address: Box 277

Big Sky 59716

Telephone Number: 406 995 4237

Representing whom?

RID 305 Bis Sky Sewer Dist.

Appearing on which proposal?

SD 128

Do you: Support? X Amend? _____ Oppose? _____

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of January, 1991.

Name: Rae Linelberger

Address: P.O. Box 6400
Bozeman MT 59771

Telephone Number: 586-4994

Representing whom?

Big Sky Owners Association

Appearing on which proposal?

SB 128

Do you: Support? X Amend? Oppose?

Comments:

Also am West Yellowstone
town attorney

WITNESS STATEMENT

To be completed by a person testifying or a person who wants
their testimony entered into the record.

Dated this 30th day of January, 1991.

Name: Bob Schcap

Address: P.O. Box 69 Big Sky MT 59716

Telephone Number: 406-995-4644

Representing whom?

Lone Mountain Ranch

Appearing on which proposal?

SB 128

Do you: Support? X Amend? _____ Oppose? _____

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of JAN, 1991.

Name: Douglas K. Brins

Address: Box 50645 Gallatin Rd.
Gallatin Gateway Mt

Telephone Number: 9954579

Representing whom?

Big Sky Owners ASS.

Appearing on which proposal?

SB128

Do you: Support? X Amend? Oppose?

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of January, 1991.

Name: Bill Murdock

Address: Big Sky Owners Assoc.

Box 57 Big Sky, MT 59716

Telephone Number: 995-4166

Representing whom?

Big Sky Owners Association

Appearing on which proposal?

SB 128

Do you: Support ☒ Amend? ☐ Oppose? ☐

Comments:

we ask for the same opportunity to tax tourist
as given West Yellowstone.

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of JANUARY, 1991.

Name: MIKE SCHOLZ

Address: P.O. BOX 279

Big Sky, MT 59716

Telephone Number: 995-4111

Representing whom?

BEST WESTERN BUCK'S T-4 lodge

Appearing on which proposal?

SENATE BILL 128

Do you: Support? X Amend? Oppose?

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 30 day of JAN, 1991.

Name: TAYLOR MIDDLETON

Address: BOX 1

BIG SKY, MT 59716

Telephone Number: 995 4211

Representing whom?

LARGEST EMPLOYER AND CHAMBER OF COMMERCE CITY

Appearing on which proposal?

SB 128

Do you: Support? ☒

Amend? ☐

Oppose? ☐

Comments:

We the businesses who will
collect the tax see the need
for infrastructure development
and maintenance and are in support
of funding these needs in this way.

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31 day of January, 1991.

Name: Mona Garrison

Address: Powder Block, Suite 41
Nelson, N.H. 05601

Telephone Number: 442-5581

Representing whom?

Big Sky Resort Assoc.

Appearing on which proposal?

SB 128

Do you: Support? ☒ Amend? ☐ Oppose? ☐

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY