

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on February 4, 1991, at 9:00 a.m.

ROLL CALL

Members Present:

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

Members Excused:

John Harp (R)

Staff Present: Jeff Martin (Legislative Council).

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

Announcements/Discussion:

None

EXECUTIVE ACTION ON SENATE BILL 93

Motion:

Senator Doherty moved to remove SB 93 off the table for purposes of amending. He explained the bill was amended in committee previously on page 3, line 1, changing the rate of "0.4%" to "0.5%". He said it was his intention to change the rate back to the 0.4% rate. The motion CARRIED unanimously with Senators Harp and Brown absent.

Amendments, Discussion, and Votes:

Senator Doherty moved to amend the bill on page 3, line 1, by striking the previous amendment of "0.5%" back to the original rate in the bill of "0.4%". (The bill was previously amended 1/29/91 and then tabled.)

Senator Doherty continued a good argument was presented for changing the computation of the RITT tax rate on coal. He noted, because of the Bennett decision, 0.4% is the effective rate at which the coal is currently being taxed. He felt changing the rate of the tax is a separate issue and should be addressed in another bill. He stressed the importance of the revenue neutrality issue. He said he is taking this action on Senate Bill 93 because of the Department of Revenue estimates and the testimony on the bill which indicated the revenue neutrality is preserved as the bill is written.

Senator Gage made a comment on revenue neutrality. He said many people have the mistaken opinion that, regardless of what happens, the same amount of revenue will be generated. Senator Gage said his interpretation of revenue neutrality with regard to production is "given the same level of production and the same price, this is revenue neutral".

Senator Towe said his concern is that before the Bennett decision, the coal companies were paying this extra amount. He felt it was a mistake to give in to the coal companies. He said the legislature should do what was originally intended and tax at 1.5% of the coal value, not the reduced net value which is what the amendment does.

The motion to amend the tabled SB 93 CARRIED with Senator Towe voting no.

Recommendation and Vote:

Senator Doherty moved SB 93 DO PASS. The motion CARRIED with Senator Towe voting no.

EXECUTIVE ACTION ON SENATE BILL 128**Motion:**

Senator Halligan moved to amend the bill as per the amendments written in in the attached copy of the bill (Exhibit #1). He pointed out the seasonal sales tax is eliminated in the bill. He also presented a suggested definition of "destination resort" for the committee's consideration (Exhibit #2).

Senator Halligan said there was a question during the hearing on SB 128 about property taxes paid at Big Sky. He asked Mr. Murdoch to make his presentation.

Bill Murdoch, Big Sky Owners Association, presented information regarding property taxes paid by some members of the BSOA (Exhibit #3).

Senator Halligan said the information was presented in an attempt to assure the committee that the bill would not subsidize the property taxes of the owners. However, he was also concerned that the property owners did not end up subsidizing all the impacts of the tourist industry.

Senator Yellowtail asked for a comparison of the property taxes paid by the BSOA and taxes paid by owners of like property in an incorporated area. He was concerned about the origin of the taxes and also questioned the Owners Association assessment.

Mr. Murdoch answered the taxes are comparable between Bozeman and Big Sky. He owns homes in both areas. The BSOA assessment was included because there is not an incorporated community at Big Sky and therefore they tax for snowplowing, road maintenance, extra sheriff, and other services which are all paid for out of the assessment. He said that is, in essence, a tax they are paying on top of the property tax assessment.

Senator Yellowtail asked if everyone belonged to the BSOA and if membership is voluntary.

Mr. Murdoch said this is a defined area and everyone in the BSOA area has to pay the assessment.

Senator Towe said he is bothered by the definition in that he is concerned that every area with a population under 2500 will be able to qualify.

Mona Jamison said that the provisions of Section 4, (a), (b), and (c) still apply and the area must meet the Department of Commerce methodology for designation as a destination resort.

Andy Poole, Deputy Director, Department of Commerce, explained the procedures for designation (Exhibit #4).

Senator Gage asked if determination is made on employment figures or income data.

Mr. Poole replied either way can be used as the base. He said West Yellowstone is the only area with a resort designation to date and their designation is employment data based. Information is gathered from census maps which are issued every 10 years with update information available approximately every 3 years.

Senator Towe and Senator Van Valkenburg expressed concern about very small areas such as Fairmont Hot Springs applying for designation as a resort destination.

Mr. Poole said he doubted that would occur since the end result would have the entity taxing itself as a result of the designation.

Senator Gage expressed a concern over the broad language on page 1, line 17, "any other item normally sold to the public".

Senator Towe said he had the same concern when the bill originally came before the Committee in 1985, but it was decided to leave the definition of luxury open for the local entity to define. He said that is a problem area and asked to amend the bill on page 1, line 20, following "services," by adding "appliances, hardware supplies, and tools".

Senator Halligan included the amendment suggested by Senator Towe in his proposed list of amendments.

Senator Towe also felt language needed to be added on page 4, line 25 (proposed sub (3)) following "be presented to" by inserting "and approved by".

Senator Halligan agreed to the additional language.

Senator Halligan's motion to amend the bill as per Exhibit #1 with the inclusion of Senator Towe's two suggested amendments CARRIED unanimously. (See amendments #1, 2, 5, 6, and 7 on attached standing committee report Exhibit #5.)

Senator Gage moved to amend the bill on page 1, line 20 by adding "The term also does not include any amount wagered on gambling or gambling devices."

Senator Eck asked Mr. Linebarger how West Yellowstone handles the gambling issue.

Mr. Linebarger replied West Yellowstone taxes "all entertainment". There are no taxes on the monies wagered but the establishments pay a tax on all their receipts from all their activities, which may include the gambling machines.

Mona Jamison said state law prohibits local governments from regulation of gambling in any way. The gambling industry is heavily regulated and very specific. The specific regulations would prevail over the general.

Senator Doherty asked what the effect would be on West Yellowstone if the gambling provision was taken out.

Mr. Linebarger replied it would depend on the language of the amendment and how it was applied.

The motion by Senator Gage FAILED on a roll call vote (Exhibit #6).

Senator Yellowtail moved to amend the bill to define the geographic area of the unincorporated resort area (see amendment #3 of standing committee report Exhibit #5). He further moved to include a provision to allow the imposition of the tax only if the area cannot meet the criteria for incorporation (see amendment #4 of standing committee report Exhibit #5).

Senator Towe asked to have the motion divided.

The motion to define the geographic area of the unincorporated resort area CARRIED unanimously.


The motion to allow imposition of the tax only if the area cannot meet the criteria for incorporation CARRIED with Senator Towe voting no.

Recommendation and Vote:

Senator Halligan moved SB 128 Do Pass As Amended. The motion CARRIED with Senator Yellowtail voting no.

ADJOURNMENT

Adjournment At: 10:15 a.m.



SENATOR MIKE HALLIGAN, Chairman

JILL D. ROHYANS, Secretary

MH/jdr

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 2/4/91

LEGISLATIVE SESSION

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

Each day attach to minutes.

SENATE TAXATION
EXHIBIT NO. 1
DATE 3/4/91
BILL NO. SB 138

LC 0177/01

1 INTRODUCED BY *Senator Bill Brown*
2 *Thomas A. Sullivan*
3 *William L. Hoffman*
4 *John J. Sullivan*
5 *Don Wilson*
6 *John J. Sullivan*
7 *John J. Sullivan*
8 *John J. Sullivan*
9 *John J. Sullivan*
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22 *John J. Sullivan*
23 *John J. Sullivan*
24 *John J. Sullivan*
25 *John J. Sullivan*

1 over-the-counter medications.
2 (4) "Resort area" means an area that:
3 (a) is an unincorporated area;
4 (b) has a population of less than 2,500 according to
5 the most recent federal census or federal estimate;
6 (c) derives the major portion of its economic
7 well-being from businesses catering to the recreational and
8 personal needs of persons traveling to or through the area
9 for purposes not related to their income production; and
10 (d) has been designated by the department of commerce
11 as a resort area prior to its establishment by the county
12 commissioners as provided in [section 2].
13 (4)(5) "Resort community" means a community that:
14 (a) is an incorporated municipality;
15 (b) has a population of less than 2,500 according to
16 the most recent federal census or federal estimate;
17 (c) derives the major portion of its economic
18 well-being from businesses catering to the recreational and
19 personal needs of persons traveling to or through the
20 municipality for purposes not related to their income
21 production; and
22 (d) has been designated by the department of commerce
23 as a resort community."
24 NEW SECTION. Section 2. Establishment of a resort area
25 -- taxing authority -- approval by electorate. (1) The

LC

LC 0177/01

LC 0177/01

1 question must state:

- 2 (a) must-state the exact rate of the resort tax;
- 3 (b) must-state the duration of the resort tax;
- 4 (c) must-state the date when the tax becomes effective,
- 5 which date may not be earlier than 35 days after the
- 6 election; and
- 7 (d) may--specify the purposes that may be funded by the
- 8 resort tax revenue.

9 ~~(4) The petition or resolution referring the resort tax~~

10 ~~question may provide for a seasonal tax which must be~~

11 ~~effective for at least 3 months of each calendar year.~~

12 ~~(4)(5) Upon receipt of an adequate petition, the~~

13 ~~governing body may:~~

- 14 (a) call a special election on the resort tax question;
- 15 or
- 16 (b) have the resort tax question placed on the ballot
- 17 at the next regularly scheduled election.

18 ~~(5)(6) The question of the imposition of a resort tax~~

19 ~~may not be placed before the electors more than once in any~~

20 ~~fiscal year."~~

21 **Section 5.** Section 7-6-4465, MCA, is amended to read:

22 "7-6-4465. Resort community tax administration. (1) In

23 this section, "governing body" means the governing body of a

24 resort community or, if the resort tax has been approved by

25 the electors of a resort area, the board of county

1 commissioners.

- 2 ~~(1)(2) Not less than 30 days prior to the date the~~
- 3 ~~resort tax becomes effective, the governing body of the~~
- 4 ~~resort-community shall enact an administrative ordinance~~
- 5 ~~governing the collection and reporting of the resort taxes.~~
- 6 This administrative ordinance may be amended at any time
- 7 thereafter as may be necessary to effectively administer the
- 8 resort tax.

9 ~~(2)(3) The administrative ordinance shall must specify:~~

10 (a) the times taxes collected by business businesses

11 are to be remitted to the resort-community governing body;

12 (b) the local-government office, officer, or employee

13 of the governing body responsible for receiving and

14 accounting for the resort tax receipts;

15 (c) the local-government office, officer, or employee

16 of the governing body responsible for enforcing the

17 collection of resort taxes and the methods and procedures to

18 be used in enforcing the collection of resort taxes due; and

19 (d) the penalties for failure to report taxes due,

20 failure to remit taxes due, and violations of the

21 administrative ordinance. The penalties may include:

22 (i) criminal penalties not to exceed a fine of \$1,000

23 or 6 months' imprisonment, or both the fine and

24 imprisonment;

25 (ii) civil penalties if the resort-community governing

SENATE TAXATION

EXHIBIT NO.

2

DATE

7/4/91

BILL NO.

SB 128

DESTINATION RESORT

A destination resort is a full-service vacation locality which caters to individuals, families or groups by offering accommodations and leisure oriented activities and facilities, such as, but not limited to, golf, tennis, skiing, equestrian sports and water-oriented activities that are designed for the rest, relaxation, amusement and pleasure of its visitors.

B SOA \$196.98

1990 REAL PROPERTY TAXES GALLATIN COUNTY TREASURER RKE18269 18269
 SCHOOL DIST.: 72 MILL LEVY: 253.99 TOTAL ASSESSED VALUE: 10,692 TOTAL TAXABLE VALUE: 4,273

DESCRIPTION	FIRST HALF	SECOND HALF	TOTAL TAX
GENERAL TAX	542.65	542.65	1,085.30
GALLATIN CANYON FIRE	26.39	26.38	52.77
GALLATIN CONSERV DISTRICT	2.73	.00	2.73
BIG SKY S/W #305 MT	147.79	.00	147.79
BIG SKY MDW VLL W/RD #318	.00	.00	.00
BIG SKY MDW V RDS #318 MT	49.20	.00	49.20

2nd HALF

NAME
 ELGESON, DONALD G &
 PAYMENT DUE 05/31/91

1st HALF:	768.76
2nd HALF:	569.03
TOTAL TAX DUE:	1,337.79

RETURN STUB WITH PAYMENT TO:

TOTAL DELINQUENT TAXES DUE	
PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID. SEE REVERSE SIDE FOR MORE INFORMATION.	
BREAKDOWN OF GENERAL TAX	
STATE	196.56
CITY/RURAL	6.41
ROAD	246.55
OTHER	576.81
TOTAL	

LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)

MEADOW VILLAGE #1 2ND FILING
 IN 36 6S 3E
 LOT 2 4 .28
 HELGESON, DONALD G & VIVIAN L
 BOX 556
 BIG SKY, MT 59716

1st HALF DATE DUE AND AMOUNT

2nd HALF DATE DUE AND AMOUNT

OR PAY TOTAL TAX

B50A - \$157.98

1990 REAL PROPERTY TAXES GALLATIN COUNTY TREASURER RKE18402 18402
 SCHOOL DIST. 72 MILL LEVY: 253.99 BOZEMAN, MONTANA 27.21
 TOTAL ASSESSED VALUE \$1,243 TOTAL TAXABLE VALUE: 6,996

DESCRIPTION	FIRST HALF	SECOND HALF	TOTAL TAX
GENERAL TAX	\$88.46	\$88.46	1,776.91
GALLATIN CANYON FIRE	43.20	43.20	86.40
GALLATIN CONSERV DISTRICT	4.48	.00	4.48

11/15/90
 11/15/90
 11/15/90

2nd HALF PARCEL RKE18402

NAME: DONOVAN, ROBERT F & P
 PAYMENT DUE: 08/31/91

1st HALF:	936.14
2nd HALF:	931.65
TOTAL TAX DUE:	1,867.79

ATTENTION: STIP WITH PAYMENT TO:

TOTAL DELINQUENT TAXES DUE →		LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)	
PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID. SEE REVERSE SIDE FOR MORE INFORMATION.		TRACT 1 IN SW1/4 26 6S 3E 10.024 C OF S 1430 TRACT DONOVAN, ROBERT F & PATRICIA L. BOX 220 BIG SKY, MT 59716	
BREAKDOWN OF GENERAL TAX			
STATE	COUNTY	SCHOOL	
321.82	403.67	944.39	
CITY/RURAL	ROAD	OTHER	
10.49	96.14	.00	
2nd HALF DATE DUE AND AMOUNT		OR PAY	

SCHOOL DIST: 127 MILL LEVY: 228.01 TOTAL ASSESSED VALUE: 261,010 TOTAL TAXABLE VALUE: 3,766

DISCREPANCY	FIRST HALF	SECOND HALF	TOTAL TAX
CENTRAL TAX	423.06	423.06	846.12
GALLATIN CANYON FIRE	28.54	28.53	57.07
GALLATIN CONSERV DISTRICT	3.00	.00	3.00
BIG SKY S/W #005 MT	192.00	.00	192.00
BIG SKY NW/4 VLL W/RD #313	.00	.00	.00
BIG SKY NW/4 V RDS #313 MT	172.15	.00	172.15

pd 11/30/90 #986
818.75 + 149.21 =
967.96

pd 5/15/90 #1116
451.59 + 552.10 =
1,003.69

LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)

SWEETGRASS HILLS SUB
IN SEC 25, 26, 35 & 36 6S 3E
LOT 15

HILL, WAYNE D & MARILYN R
BOX 277
BIG SKY, MT 59716

BREAKDOWN OF GENERAL TAX	
STATE	COUNTY
22.24	213.10
CITY/RURAL	ROAD
5.56	51.14
	554.08
	OTHER
	.00

1st HALF DATE DUE AND AMOUNT	2nd HALF DATE DUE AND AMOUNT	OR PAY TOTAL TAX DUE
11/30/89	05/31/90	1,270.34

Bort 62
\$295

PARCEL NO.
18821
PARCEL NO.
18821

GALLATIN COUNTY TREASURER
GALLATIN COUNTY TREASURER
BOZEMAN, MONTANA

LOCAL PROPERTY TAXES

RKE 18821

DESCRIPTION	MILL LEVY: 228.31	TOTAL ASSESSED VALUE:	23,364	TOTAL TAXABLE VALUE:	23,364
GENERAL TAX	FIRST HALF	SECOND HALF	TOTAL TAX		
GALLATIN CANYON FIRE	94.18	94.18	188.36		
GALLATIN CONSERV DISTRICT	6.36	6.36	12.71		
BIG SKY 374 0300 MT	.67	.00	.67		
	48.00	.00	48.00		

TOTAL DELINQUENT TAXES DUE		LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)	
PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID. SEE REVERSE SIDE FOR MORE INFORMATION.		SWEETGRASS HILLS SUB IN SEC 25, 26, 35 & 36 6S 3E LOT 12 4 .90	
BREAKDOWN OF GENERAL TAX		HILL, WAYNE O & MARILYN R BOX 277 BIG SKY, MT 59716	
STATE	COUNTY	SCHOOL	
1.93	47.44	123.30	
CITY/RURAL	ROAD	OTHER	
1.24	11.38	.00	
1st HALF DATE DUE AND AMOUNT	2nd HALF DATE DUE AND AMOUNT		
11/30/89	05/31/90		
149.21	100.53	OR PAY TOTAL TAX DUE 249.74	

PARCEL

1st HALF

RKE18910

NAME
KAPPLER, SUZANNAH BON
PAYMENT DUE 11/30/90

1st HALF	1,200.00
2nd HALF	924.59

TOTAL
TAX DUE: 2,124.59

RETURN STUB WITH PAYMENT TO:

GALLATIN COUNTY TREASURER
311 W. MAIN, ROOM 202
BOZEMAN, MT 59715

2nd HALF

PARCEL

RKE18910

NAME
KAPPLER, SUZANNAH BON
PAYMENT DUE 03/31/91

1st HALF	1,200.00
2nd HALF	924.59

TOTAL
TAX DUE: 2,124.59

RETURN STUB WITH PAYMENT TO:

GALLATIN COUNTY TREASURER
311 W. MAIN, ROOM 202
BOZEMAN, MT 59715

1990 REAL PROPERTY TAXES

SCHOOL DIST: 572

MILLAGE: 200.59

DESCRIPTION: 50

GENERAL TAX

GALLATIN CANYON FIRE

GALLATIN CONSERV DISTRICT

BIG SKY 57W 4305 MT

GALLATIN COUNTY TREASURER

BOZEMAN, MONTANA

TOTAL ASSESSED VALUE: 179,894

SECOND HALF

881.72

42.88

4.44

270.95

RKE18910

TOTAL TAXABLE VALUE: 179,894

881.72

42.88

4.44

270.95

1991

TOTAL TAXABLE VALUE: 179,894

881.72

42.88

4.44

270.95

LEGAL DESCRIPTION MAY BE PARTIAL DESCRIPTION

SWEETGRASS HILLS SUB

IN SECS 25, 26, 35 & 36

LOT 4 2

1.82

KAPPLER, SUZANNAH BONNELL &

HORNBLURG, LISA MORRISON

STANWICK, PAGET; BERMUDA

TOTAL DELINQUENT
TAXES DUE 3,322.34

PENALTY AND INTEREST MUST BE FIGURED
BEFORE DELINQUENT TAXES CAN BE PAID
SEE REVERSE SIDE FOR MORE INFORMATION

BREAKDOWN OF GENERAL TAX

STATE 319.38

ROAD 400.61

CITY/RURAL 10.41

OTHER 937.24

10.41

98.81

0.00

1st HALF DATE DUE AND AMOUNT

11/30/90 1,200.00

05/31/91 924.59

2nd HALF DATE DUE AND AMOUNT

05/31/91 924.59

05/31/91 924.59

TOTAL TAX

DUE

2,124.59

John- BSOA
4 412/10

1st HALF

PARCEL RKE18178

NAME

KAPPLER, SUZANNAH BON

PAYMENT DUE

11/30/90

1st HALF:	175.95
2nd HALF:	65.12
TOTAL TAX DUE:	241.07

RETURN STUB WITH PAYMENT TO:

GALLATIN COUNTY TREASURER

311 W. MAIN, ROOM 202

BOZEMAN, MT 59715

2nd HALF

PARCEL RKE18178

NAME

KAPPLER, SUZANNAH BON

PAYMENT DUE

05/31/91

RETURN STUB WITH PAYMENT TO:

GALLATIN COUNTY TREASURER

311 W. MAIN, ROOM 202

BOZEMAN, MT 59715

1990 REAL PROPERTY TAXES

GALLATIN COUNTY TREASURER RKE18178

SCHOOL DIST. 12

BOZEMAN, MONTANA

MILL LEV. 2003.39

TOTAL ASSESSED VALUE 12,673

TOTAL TAXABLE VALUE 48.94

DESCRIPTION	FIRST HALF	SECOND HALF
GENERAL TAX	62.10	62.10
GALLATIN CANYON FIRE	3.02	3.02
GALLATIN CONSERV DISTRICT	.31	.31
BIG SKY S/W #300 MT	61.08	61.08
BIG SKY MDW VLL W/RD #318	10.00	10.00
BIG SKY MDW V RDS #318 MT	48.94	48.94

TOTAL TAX

241.07

TOTAL DELINQUENT TAXES DUE

455.13

PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID

SEE REVERSE SIDE FOR MORE INFORMATION

BREAKDOWN OF GENERAL TAX

CITY/RURAL	22.49	28.22	66.01
ROAD	.73	6.75	.00
OTHER			

STATE OF MONTANA

COUNTY OF GALLATIN

SCHOOL DIST. 12

LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)

MEADOW VILLAGE #1 2ND FILING

IN LOT 16 6

36.65 3E 27

KAPPLER, SUZANNAH BONNELL & HORNBLURG, LISA MORRISON STANWICK, PASET, BERNUDA

1st HALF DATE DUE AND AMOUNT

11/30/90 175.95

2nd HALF DATE DUE AND AMOUNT

05/31/91 65.12

OR PAY TOTAL TAX DUE

241.07

BoA 196.98

1st HALF

PARCEL
RKE19207

NAME
REICHSTETTER, CRAIG &
PAYMENT DUE 11/30/90

1st HALF:	560.01
2nd HALF:	385.79
TOTAL TAX DUE:	945.80

RETURN STUB WITH PAYMENT TO:
GALLATIN COUNTY TREASURER
311 W. MAIN, ROOM 202
BOZEMAN, MT 59715

2nd HALF

PARCEL
RKE19207

NAME
REICHSTETTER, CRAIG &
PAYMENT DUE 05/31/91

1st HALF:	560.01
2nd HALF:	385.79
TOTAL TAX DUE:	945.80

RETURN STUB WITH PAYMENT TO:
GALLATIN COUNTY TREASURER
311 W. MAIN, ROOM 202
BOZEMAN, MT 59715

1990 REAL PROPERTY TAXES		GALLATIN COUNTY TREASURER RKE19207		19207
SCHOOL DIST: 72	MILL LEVY: 253.99	TOTAL ASSESSED VALUE: 75,047		TOTAL TAXABLE VALUE: 2,897
DESCRIPTION		FIRST HALF	SECOND HALF	TOTAL TAX
GENERAL TAX		367.91	367.90	735.81
GALLATIN CANYON FIRE		17.89	17.69	35.58
GALLATIN CONSERV DISTRICT		1.85	.00	1.85
BIG SKY S/W #305 MT		123.16	.00	123.16
BIG SKY MDW VLL W/RD #318		0.00	.00	.00
BIG SKY MDW V RDS #318 MT		49.20	.00	49.20

TOTAL DELINQUENT TAXES DUE		LEGAL DESCRIPTION (MAY BE PARTIAL DESCRIPTION)	
PENALTY AND INTEREST MUST BE FIGURED BEFORE DELINQUENT TAXES CAN BE PAID. SEE REVERSE SIDE FOR MORE INFORMATION.		MEADOW VILLAGE #1 2ND FILING	
BREAKDOWN OF GENERAL TAX		IN LOT 23 36 65 3E .28	
STATE	133.26	REICHSTETTER, CRAIG & CATHY LEE M	
CITY/RURAL	167.16	BOX 132	
ROAD	391.07	BIG SKY, MT 59716	
OTHER	.00		

1st HALF DATE DUE AND AMOUNT	2nd HALF DATE DUE AND AMOUNT	OR PAY TOTAL TAX DUE
11/30/90 560.01	05/31/91 385.79	945.80

SENATE TAXATION
EXHIBIT NO
DATE
BILL NO

3
3/4/91
5018

EXHIBIT NO. 4
DATE 2/4/91
BILL NO. SB128

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.

SENATE TAXATION

EXHIBIT NO. 4DATE 2/4/91BILL NO. SB 178

**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

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 4, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 128 (first reading copy -- white), respectfully report that Senate Bill No. 128 be amended and as so amended do pass:

1. Title, line 6.

Following: "TO"

Insert: "DESTINATION"

Following: "OTHER"

Insert: "DESTINATION"

2. Page 1, line 20.

Following: "services,"

Insert: "appliances, hardware supplies and tools,"

3. Page 2, line 3.

Strike: "is an unincorporated area"

Insert: "is a defined contiguous geographic area"

4. Page 2, line 4.

Following: line 3

Insert: "(b) does not meet the criteria for incorporation as provided in 7-2-4103;"

Re-number: subsequent subsections

5. Page 4, line 5.

Following: "(iv)"

Insert: "destination"

Following: "other"

Insert: "destination"

6. Page 4, line 25.

Following: line 24

Insert: "(3) If a resort area is in more than one county, the resort tax question must be presented to and approved by the electors in the resort area of each county."

Re-number: subsequent subsection

7. Page 5, lines 9 through 11.

Strike: subsection (4) in its entirety

Signed: _____

Mike Halligan, Chairman

And. Coord.

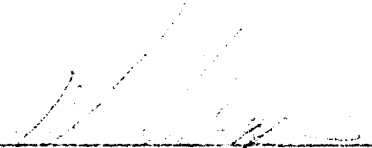
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 4, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 93 (first reading copy -- white), respectfully report that Senate Bill No. 93 do pass.

Signed: 
Mike Halligan, Chairman

91 2-4-91
And. Coord.

SB 2-4 2:45
Sec. of Senate

ROLL CALL VOTE

SENATE TAXATION

EXHIBIT NO. 6

SENATE COMMITTEE ON TAXATION

DATE 2/4/91

BILL NO. 50 138

Date 2/4/91 Senate Bill No. 138 Time

NAME	YES	NO
SEN. HALLIGAN		X
SEN. BROWN		X
SEN. ECK		X
SEN. GAGE	X	
SEN. VAN VALKENBURG	X	
SEN. HARP		
SEN. YELLOWTAIL	X	
SEN. THAYER		X
SEN. TOWE		X
SEN. KOEHNKE		X
SEN. DOHERTY		X

Bill D. Robyans
Secretary

Sen. Mike Halligan
Chairman

Motion: by Senator Gage to exclude
gambling from provisions of
tax