

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on March 5, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

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

Members Excused: None

Staff Present: Jeff Martin (Legislative Council).

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

Announcements/Discussion:

Senator Gage said he had met with members of the Blackfeet Tribe during the legislative break. They currently tax oil and gas on the reservation which amounts to a double taxation and has the effect of discouraging any exploration, leasing, or new drilling on the reservation. Senator Gage said the only alternative left is to request a committee bill which would specify that the tax on oil and gas on the reservation could be no higher than the state tax. The state and the tribe would then have to work out a method of sharing the revenue. This bill would apply only to wells drilled after January 1 or July 1, 1991, so that current production revenues would not be impacted.

Senator Yellowtail moved to request drafting of a committee bill which would deal with taxing of oil and gas on reservations as per Senator Gage's suggestions.

The motion CARRIED unanimously.

HEARING ON SENATE BILL 353Presentation and Opening Statement by Sponsor:

Senator Tom Towe, District 46, sponsor, said the bill increases the tax on cigarettes and smokeless tobacco products. A package of cigarettes would increase by 25 cents, from 18 cents to 43 cents, and smokeless tobacco products would increase from 12.5% to 25% of the wholesale price. The long range debt service fund and capital building projects would receive one cent of the increased revenue, the university system would receive 17 cents, and 7 cents would be deposited into an account for tobacco research and prevention. The total anticipated revenue would be \$20.6 million for the university system and \$7.6 million for research. The bill includes a referendum provision and would become effective July 1, 1993.

The public voted down a cigarette tax issue, Ill5, in 1990 and Senator Towe felt they should have the opportunity to vote on it again rather than having the legislature arbitrarily impose the tax. He felt Ill5 was defeated because opponents said it would create a new bureaucracy. This bill supports the university system and creates a research fund which would be administered by the Science and Technology Council. Senator Towe felt the administration of the fund would require, at most, one additional FTE as it would be operated on an application and grant basis.

Senator Towe presented material indicating Montana's university system is ranked last of 117 university systems in the nation (Exhibit #1). He presented further information to the committee members on cigarette tax rates in other states (Exhibits #2 and #3) as well as rates on smokeless tobacco products (Exhibit #4). Senator Towe pointed out that even with the increase, Montana cigarette taxes will still be less than the national average for smokeless tobacco products.

This bill is a matter of public health rather than a revenue measure Senator Towe noted. Referring to Exhibits #5 and #6, Senator Towe quoted many statistics which show there are more deaths in Montana from smoking than from any other cause. Based on national statistics, 1350 - 1600 people a years will die in Montana from tobacco related illnesses. Nationally, more people die from smoking than from all other causes combined. Every year, more people die from smoking than the total number of casualties in World War II. He presented a letter from the Deaconess Research Institute in Billings in support of the bill (Exhibit #7). Senator Towe noted the impact on children from secondary smoke is a great danger and can impair lung function by up to 10%. The average smoker in Montana spends \$780 per year on tobacco products.

Senator Towe said if the bill passes, cigarette consumption will drop somewhat. Teenagers would feel a major financial impact. He estimated there would be 7000 fewer smokers by 2003 if the bill is adopted. He reiterated the bill is intended to reduce smoking which is the significant impact of the bill. The revenue which will be raised is secondary in comparison.

Proponents' Testimony:

David Toppen, Board of Regents and Chief Academic Officer of the University System, said the university system is in dire straits and it is going to take dire measures to rescue it. The faculty/student ratio is soaring, faculty members are leaving, and there are no replacement monies available. He said three premier programs are very close to losing accreditation: engineering at Montana Tech, pharmacy at the University of Montana, and education at Eastern Montana College. He pointed out innovative programs, as well as academic programs, are being lost due to lack of matching money. Math education and engineering research projects which are critical to all levels of education in Montana and are funded by the National Science Foundation and NASA are in serious danger of being lost. He said this may not be the best way to fund education, but it is a source of money that cannot be ignored given the desperate situation faced by the university system. He urged the committee to support the bill.

Steve Huntington, Deaconess Research Institute, Billings, said revenue from the bill would fund smoking research and could be used as matching money for grants from the Department of Health and the Cancer Society. He said the Institute is creating a national presence in gerontology research related to smoking. He asked the committee to give the bill very serious consideration.

Paulette Kohman, Montana Council on Maternal and Child Health, said her organization was one of the major sponsors of Ill5. She said the enormous sum of money that the tobacco industry poured into the state changed public opinion drastically and ultimately defeated the initiative. A poll conducted in the summer of 1990 indicated the public was in favor of the initiative but following the tobacco industry expenditure of \$1.47 million in out-of-state money the public opinion was changed. By contrast, the Montana groups promoting the initiative had a budget of \$40,000. She said this bill addresses the weaknesses in Ill5 and spends the revenue on the university system and health research. It does not create a new bureaucracy. Ms. Kohman said opposition to the bill is not based on personal or state good. Big business is taking money out of Montana through sales of its products and contributing to the bad health of the citizens in the process.

Opponents' Testimony:

Jerome Anderson, Tobacco Institute, presented his testimony in opposition to the bill (Exhibit #8).

Robert Vandevere, concerned citizen, said he has paid cigarette taxes for 47 years. He supported the university system by sending his granddaughter to college. He said he is increasingly concerned and dismayed over the attempts to balance the budget by increasing alcohol and cigarette taxes.

Gene Phillips, Smokeless Tobacco Council, said 25% of smokeless tobacco is used by people with yearly incomes of \$15,000 or less and another 25% by those with incomes of \$25,000 or less. Therefore, under the provisions of this bill, the largest tax burden would be on the lowest income sector of the economy. He said the university system should be supported by everyone in the state, not those on the lower end of the economic scale.

Dennis Winters, Phillip Morris and the Montana Committee Against Regressive Taxation, presented testimony in opposition to the bill (Exhibit #9).

Mark Staples, Montana Tobacco and Candy Distributors, said his group is proof that not all opposition to the bill is from out-of-state big businesses. He said these Montana businesses provide jobs and pay taxes that support health services and education in the state and further taxing them to support the university system would be akin to "selling the horse to buy the saddle".

Steve Buckner, Service Distributing of Bozeman and President of the Montana Tobacco and Candy Distributors, said his industry has been taxed increasingly over the past two years and sales have decreased as a result. He said he is concerned about the university system as he is an active alumnus. However, he felt it is not wise to base funding for the system on the a declining industry.

Mike Parker, President, Pennington's of Great Falls, Shelby and Havre, said the issue is about balance. It is not a good idea to balance the state budget on the back of a single industry and, further, it certainly is not good for the health of the university system.

David Baker, Billings Storage and Wholesale, Billings, said this bill will mean a loss of jobs and business in the state. We are in a soft economy and this is not a growth industry. He noted this would also impact the trucking industry and could have a ripple effect on other sectors of the economy. He said the state needs to fund education. It should not be funded by a selective sales tax.

Mike Scheer, Pennington's, Director of Marketing and Sales, said tobacco products account for 60% of his sales. His customers are concerned about this bill and have related those concerns to him. He said the industry is already adversely effected by the tax free cigarette sales on the military base and by additional taxes imposed during the last session.

Sandy Bergsing, Service Distributing, Livingston, said the provisions of this bill would eliminate 18% of his company's business. He said the university system cannot be funded by taxing one business.

Scott LeProwse, D and R Vending, Inc., Bozeman, said the bill would cause great hardship for his business as the vending equipment he operates would have to have major changes to accommodate the new price. His overhead costs would run him out of business.

Ed Buckner, President, Service Distributing, said if he loses a significant part of his cigarette business, he will need to raise prices in other areas. The bill will end up costing everyone more.

Questions From Committee Members:

Senator Yellowtail asked Mr. Anderson if he agreed there is a relationship between cigarette smoking and lung cancer. Mr. Anderson replied that he is not a doctor and he could not answer the question.

Senator Doherty asked Mr. Baker if he would support increased property taxes to fund the university system rather than the selective sales tax. Mr. Baker said he would favor an increase in taxes, but not by a selective sales tax. Responding to the same question, Mr. Buckner said his personal opinion is that he would support an income tax rather than a property tax.

Closing by Sponsor:

Senator Towe closed by saying the statistics he presented were taken from the Surgeon General Koop's report on smoking. He said 1350 deaths are a very significant number in a state with the population base of Montana. He said the bill was drafted specifically to protect the long range building program based on either the dollar amount or percentage, whichever is greater. He noted other states are increasing cigarette taxes and investing a significant amount of money in research. The increases in this bill are lower than most other states. He said

the taxes will eventually reach this level and they need to be instituted now to solve the pressing needs in the university system. The tobacco industry is the only industry which advertises and encourages people to buy a product that is guaranteed to cause their death.

HEARING ON HOUSE BILL 39

Presentation and Opening Statement by Sponsor:

Representative Peck, District 15, sponsor, said the bill is simply adds "motor vehicles" to the items which can be exempted from tax by a cooperative association or nonprofit corporation that furnishes potable water to its members or customers for uses other than irrigation. He submitted a letter from Dave Jones, President, Hill County Water District, which further explains the purpose of the bill (Exhibit #10).

Proponents' Testimony:

There were no proponents.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

There were no questions.

Closing by Sponsor:

Representative Peck closed.

EXECUTIVE ACTION ON HOUSE BILL 39

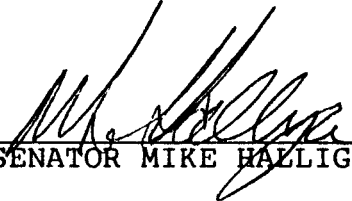
Recommendation and Vote:

Senator Yellowtail moved HB 39 Be Concurred In.

The motion CARRIED unanimously.

ADJOURNMENT

Adjournment At: 9:45 a.m.


SENATOR MIKE HALLIGAN, Chairman


JILL D. ROHYANS, Secretary

MH/jdr

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 3/5/41

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN			
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.

5/5/91

Taxation

HB 39

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
MIKE PATKOTZ	PENNINGTON'S	353		X
Steve Buckner	Service Distributing	SB353		X
RAY BENNETT	Sheehan Mastic	SB353		X
Mike Schaefer	PENNINGTON'S	353		X
Daniel Baker	Billings Sege & Walse	SB353		X
Ed Buckner	SERVICE Distributing	SB 353		X
Scott LeRousse	D.R. Vending Inc	SB 353		X
Deen Woodring	Service Dist. Helena	353		X
GANDY BRIGGS	SERVICE DIST. LIVINGSTON	SB 353		X
STAN FEIST	Sheehan Mastic	353		X
John Vandenberg	Self	353		X
GENE PHILLIPS	SMOKELESS TOBACCO Council	353		X
Jim Huntington	Billings Larom Research Inst.	353	X	
Paulette Kohnen	MT Council Mat & Ch Hlth	353	X	
Roger Tapp	RS Reynolds Co.	353		X
Mark Rogers	MT Tobacco Candy Distribution	353		X
Davis L. Tapp	OCHIE/Bel of Repents	353	✓	
Debra Reardon	MFT	353	✓	
Todd Vieser	ASUM	353	✓	

WITNESS STATEMENT

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

Dated this 5th day of March, 1991.

Name: TERONIE ANDERSON

Address: HELENA MT.

Telephone Number: 449.3118

Representing whom?

TOBACCO INSTITUTE

Appearing on which proposal?

~~A~~ SB 353

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

Comments:

Written statement delivered to Committee

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 5th day of March, 1991.

Name: DENNIS WINTERS

Address: 305 W Mercury
Butte, MT

Telephone Number: 723-6211

Representing whom? Phillip Morris

Appearing on which proposal? 353

Do you: Support? Amend? Oppose? X

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 _____ day of _____, 1991.

Name :

John Delano
H. A.

Address:

Helena

Telephone Number:

Representing whom?

Philip Morris

Appearing on which proposal?

Σ 353

Do you: Support?

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 5 day of March, 1991.

Name: Paulette Kokuian

Address: 2030 11th Ave #10
Helena MT 59601

Telephone Number: 442-8415

Representing whom?

MT Council for Mat & Ch Hlth

Appearing on which proposal?

SB 353

Do you: Support? ☒ Amend? ☐ Oppose? ☐

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

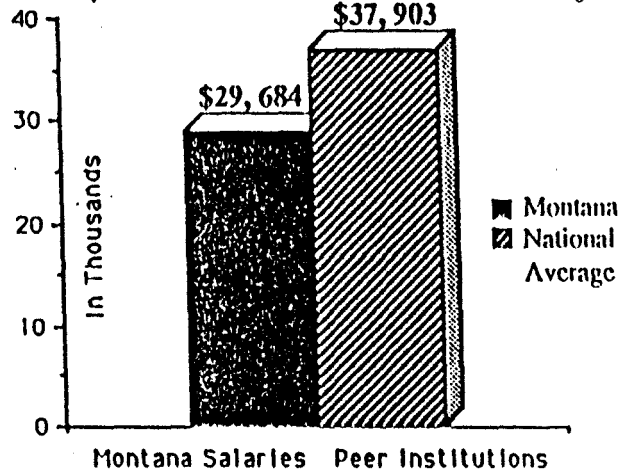
TABLE 4
1987-88COMBINED STATE AND LOCAL TAX APPROPRIATIONS AND STUDENT OPERATING FEE
PER EQUIVALENT FULL-TIME STUDENT IN PUBLIC INSTITUTIONS

RANK	STATE	AMOUNT
1	ALASKA	13,306
2	HAWAII	9,573
3	NEW JERSEY	9,197
4	NEW YORK	9,033
5	MINNESOTA	8,497
6	ALABAMA	8,341
7	DELAWARE	8,317
8	VERMONT	8,251
9	GEORGIA	8,160
10	PENNSYLVANIA	8,045
11	NORTH CAROLINA	7,806
12	MASSACHUSETTS	7,767
13	CONNECTICUT	7,755
14	WYOMING	7,562
15	SOUTH CAROLINA	7,530
16	MAINE	7,485
17	KENTUCKY	7,200
18	MARYLAND	7,174
19	INDIANA	7,148
20	NEW MEXICO	7,141
21	RHODE ISLAND	7,120
22	TENNESSEE	7,066
23	IOWA	7,028
24	MICHIGAN	6,995
25	OHIO	6,982
	NATIONAL AVERAGE	6,917
26	ARKANSAS	6,720
27	VIRGINIA	6,515
28	CALIFORNIA	6,430
29	NEBRASKA	6,420
30	OREGON	6,297
31	FLORIDA	6,232
32	TEXAS	6,200
33	NEW HAMPSHIRE	6,176
34	MISSOURI	6,165
35	MISSISSIPPI	5,963
36	UTAH	5,948
37	WISCONSIN	5,948
38	COLORADO	5,873
39	KANSAS	5,781
40	IDAHO	5,770
41	LOUISIANA	5,590
42	WEST VIRGINIA	5,587
43	NORTH DAKOTA	5,545
44	ILLINOIS	5,498
45	ARIZONA	5,437
46	WASHINGTON	5,387
47	MONTANA	5,288
48	NEVADA	5,235
49	SOUTH DAKOTA	4,731
50	OKLAHOMA	4,686

Faculty Salaries:

Faculty salaries in the Montana University System rank dead last on the national level.

Faculty Salaries for Montana vs. Peer Averages



Many people have the impression that the faculty in our system receive more than enough in salary and benefits. MAS feels it is necessary to put an end to this misconception.

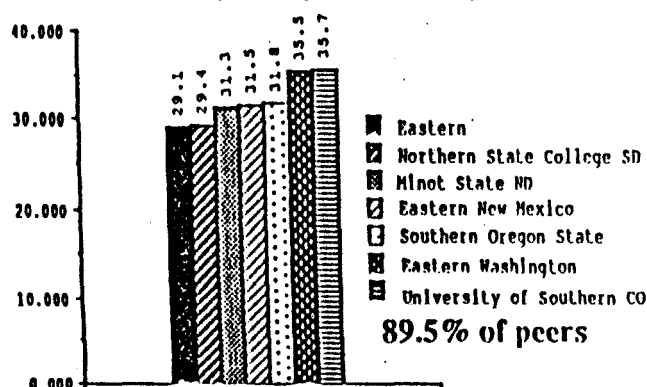
Faculty salaries rank dead last on the national level. Salaries are also considerably below the regional average and the averages of their peer institutions. In 1987-88, faculty salaries for Montana institutions averaged \$29,684 compared with the national average of \$37,903.

This is a very disturbing situation for us. Low faculty salaries cause great difficulty in retaining and attracting quality educators.

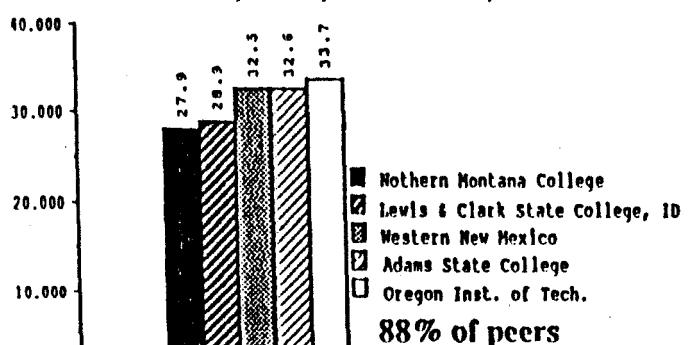
Accreditation teams are continually emphasizing that programs are in steady decline because the level of faculty salaries make it impossible for the programs to remain region-

Montana University System Faculty Salaries as Compared to Peers

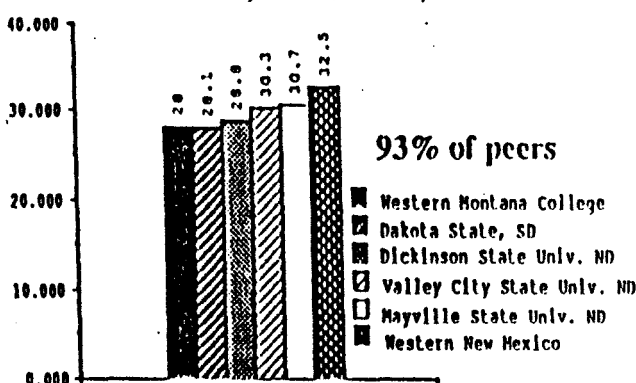
Eastern Montana College Faculty Salaries in Comparison to Peers



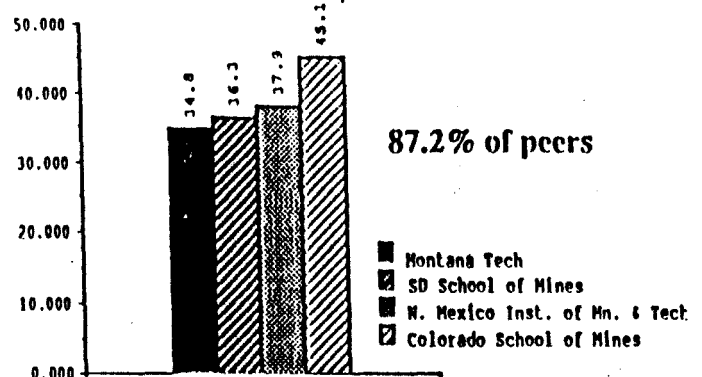
Northern Montana College Faculty Salaries as Compared to Peers



Western Montana College Salaries in Comparison to Peers



Montana Tech Salaries in Comparison to Peers



ally, much less nationally competitive.

We are alarmed at the findings of the Montana Education Commission for Higher Education in the Nineties and Beyond. In their final report, the commission points to the fact that "...faculty salaries in Montana are in a chasm." The scenario painted by this grim reality is even more disturbing.

Many of our faculty are either reaching retirement age, or are seeking career opportunities in other states. These vacancies can only attract new, inexperienced professors who spend a few years getting the experience they need and then migrate to other states who can offer them much more.

This scenario is plagued by implications

totally unacceptable for anyone hoping to receive a quality education.

We deserve an education provided by experienced and talented professors. Furthermore, our professors deserve a level of support and commitment far above what they are receiving.

The only way to assure that students of tomorrow will be provided a quality education is to invest in our professors a level of support and commitment necessary to attract and retain them in Montana classrooms.

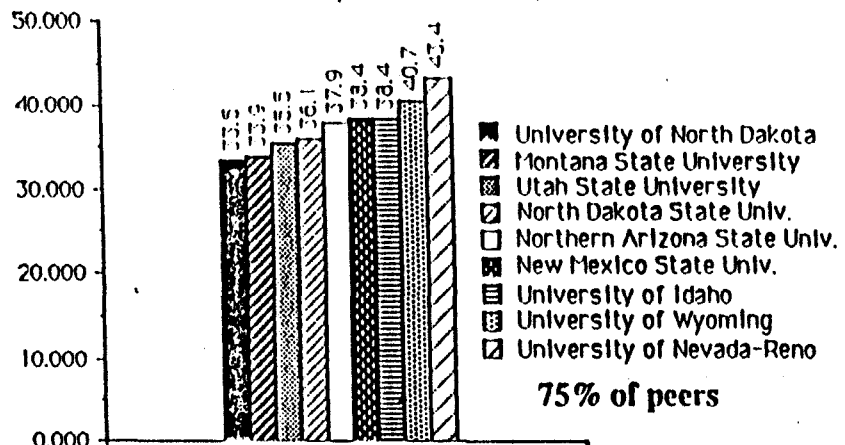
“...faculty salaries in Montana are in a chasm.”

-Commission on Education in 90's & Beyond

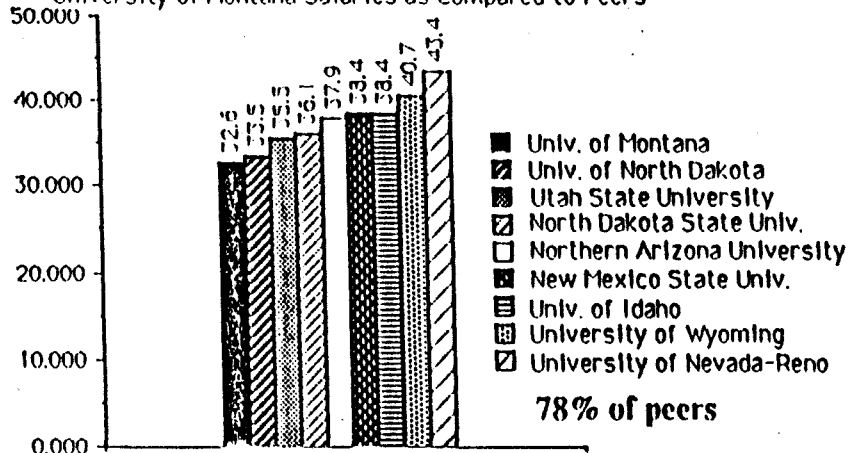
”

How can we expect educators to invest their support and commitment to a system that refuses or is unwilling to reciprocate that support and commitment?

Montana State University Salaries as Compared to Peers



University of Montana Salaries as Compared to Peers



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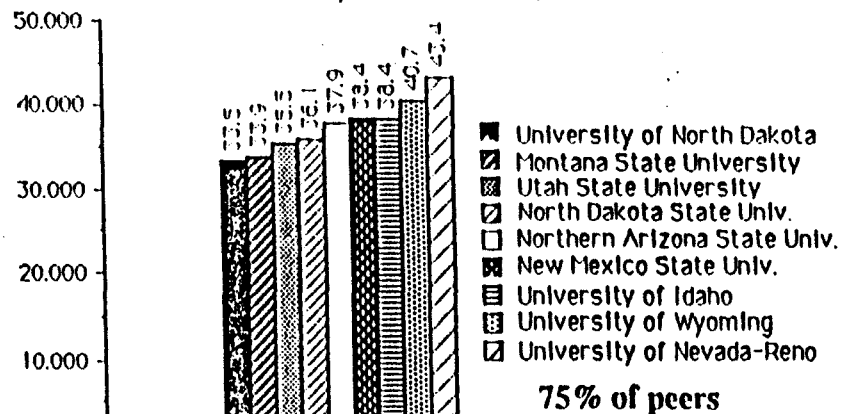
66 **...faculty salaries in Montana are in a chasm.**

-Commission on Education in 90's & Beyond

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Montana State University Salaries as Compared to Peers



University of Montana Salaries as Compared to Peers

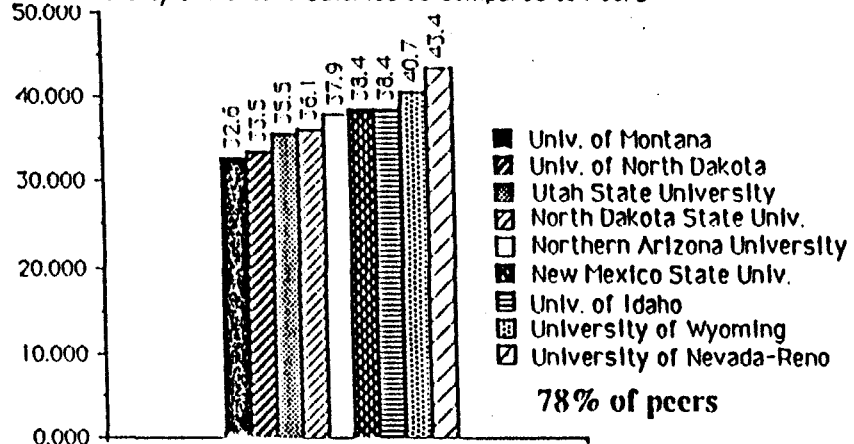


Table of Rates

¶ 55-100

The following are rates of state cigarette taxes per pack of twenty cigarettes exclusive of any local taxes. For details, see the following state summaries.

State	Rate	State	Rate
Alabama	16.5¢	Montana	18¢
Alaska	29¢	Nebraska	27¢
Arizona	18¢	Nevada	35¢ ⁷
Arkansas	21¢	New Hampshire	25¢
California	35¢	New Jersey	40¢
Colorado	20¢	New Mexico	15¢
Connecticut	10¢	New York	39¢
Delaware	19¢ ³	North Carolina	2¢
District of Columbia	17¢	North Dakota	30¢ ¹⁰
Florida	33.9¢	Ohio	18¢
Georgia	12¢	Oklahoma	23¢
Hawaii	40% ²	Oregon	28¢
Idaho	18¢	Pennsylvania	18¢
Illinois	30¢	Rhode Island	37¢
Indiana	15.5¢	South Carolina	7¢
Iowa	31¢	South Dakota	23¢
Kansas	24¢	Tennessee	13¢ ⁵
Kentucky	3¢ ⁶	Texas	41¢
Louisiana	20¢	Utah	23¢ ¹¹
Maine	31¢ ¹⁶	Vermont	17¢
Maryland	13¢	Virginia	2.5¢
Massachusetts	26¢ ⁸	Washington	34¢ ¹⁴
Michigan	25¢	West Virginia	17¢
Minnesota	38¢	Wisconsin	30¢ ²³
Mississippi	18¢ ⁴	Wyoming	12¢
Missouri	13¢		

[The next page is 5521.]

² Hawaii: 40% of wholesale price.

³ Delaware: Rate raised to 24¢ per pack on January 1, 1991.

⁴ Mississippi: If the federal cigarette tax is reduced, the state rate will be increased by the amount of the federal tax reduction.

⁵ Tennessee: An additional 0.05¢ per pack fee is imposed on dealers or distributors.

⁶ Kentucky: Plus a \$.001 tax each package of cigarettes.

⁷ Nevada: The tax is reduced to 20¢ per pack, effective July 1, 1991.

⁸ Massachusetts: The tax rate is increased by any amount by which the federal excise tax on cigarettes is less than 8 mills.

¹⁰ North Dakota: On July 1, 1991, the rate is reduced to 27¢ per pack.

¹¹ Utah: The tax rate will be increased by the same amount as any amount of reduction in the federal excise tax on cigarettes.

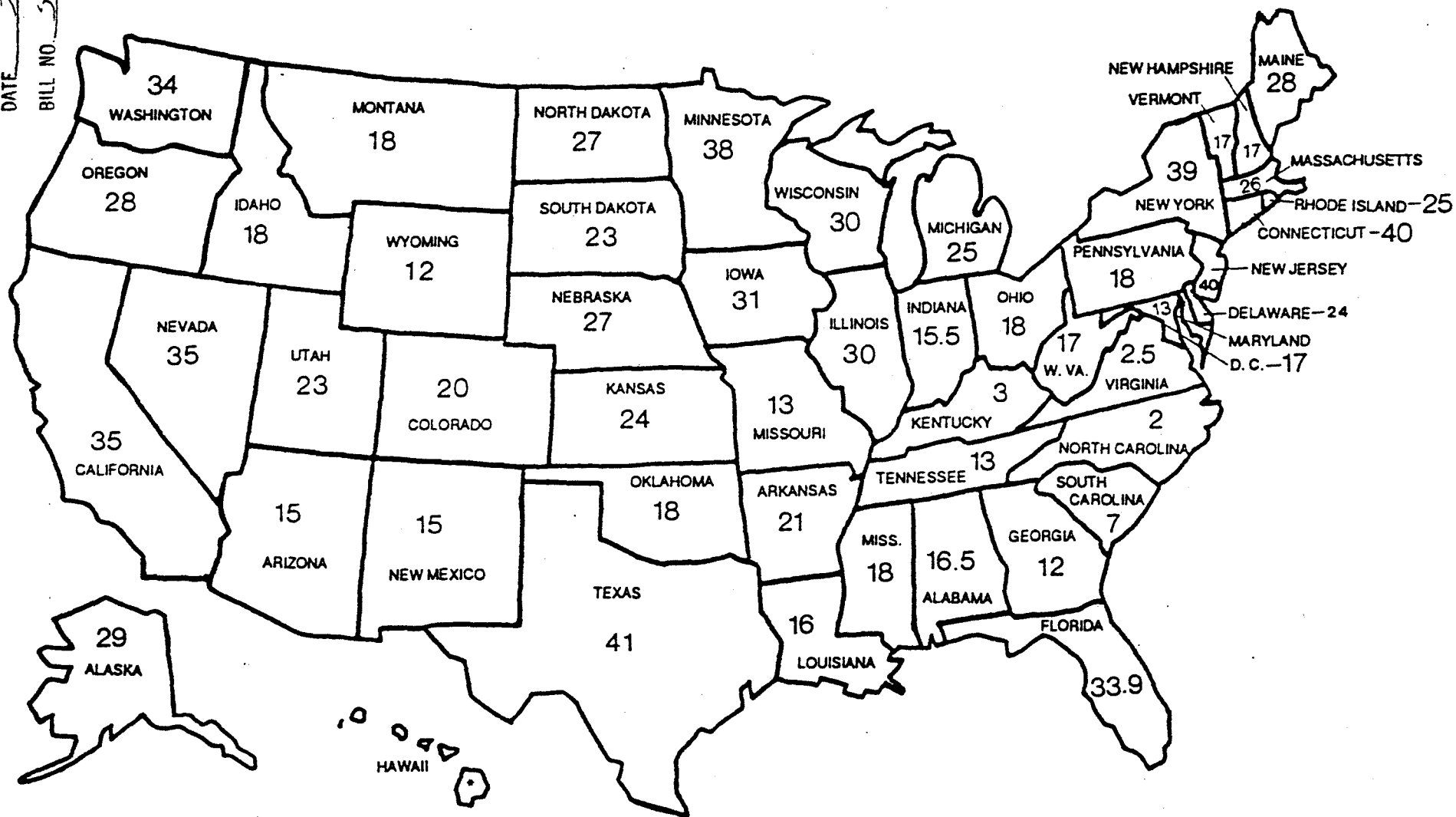
¹⁴ Washington: Tax reduced to 31¢ per pack on July 1, 1995.

¹⁶ Maine: Rate increased to 33¢ on January 1, 1991, and to 37¢ on July 1, 1991.

²³ Wisconsin: An additional tax of 16¢ per pack of 20 cigarettes is imposed minus the federal cigarette tax.

STATE CIGARETTE EXCISE TAXES

(cents per pack)



*40% of Wholesale Price

STATE SMOKELESS TOBACCO EXCISE TAXES

CHEWING TOBACCO AND SNUFF

STATE	TAX	STATE	TAX
AL	Tax based on weight ¹	MO	NONE
AK	25% of wholesale price	MT	12.5% of wholesale price
AZ	\$.02/ounce	NE	15% of purchase price
AR	16% of manuf. inv. price	NV	30% of wholesale price
CA	41.76% of wholesale price	NH	NONE
CO	20% of manuf. price	NJ	24% of wholesale price ²
CT	NONE	NM	25% of wholesale price
DE	15% of wholesale price	NY	15% of wholesale price
DC	NONE	NC	NONE
FL	25% of wholesale price	ND	20% of wholesale price
GA	NONE	OH	NONE
HI	40% of wholesale price	OK	30% of wholesale price
ID	35% of wholesale price	OR	35% of wholesale price
IL	NONE	PA	NONE
IN	15% of wholesale price	RI	NONE
IA	19% of wholesale sales price	SC	5% of manuf. price
KS	10% of wholesale price	SD	NONE
KY	NONE	TN	6% of wholesale price
LA	NONE	TX	37.13% of manuf. price ²
ME	45% of wholesale price	UT	35% of manuf. sales price
MD	NONE	VT	20% of distributor price
MA	25% of wholesale price	VA	NONE
MI	NONE	WA	64.9% of wholesale price
MN	35% of wholesale price	WV	NONE
MS	15% of manuf. list price	WI	20% of wholesale price
		WY	NONE

¹Chewing Tobacco: 3/4 cents/ounce or fraction thereof.

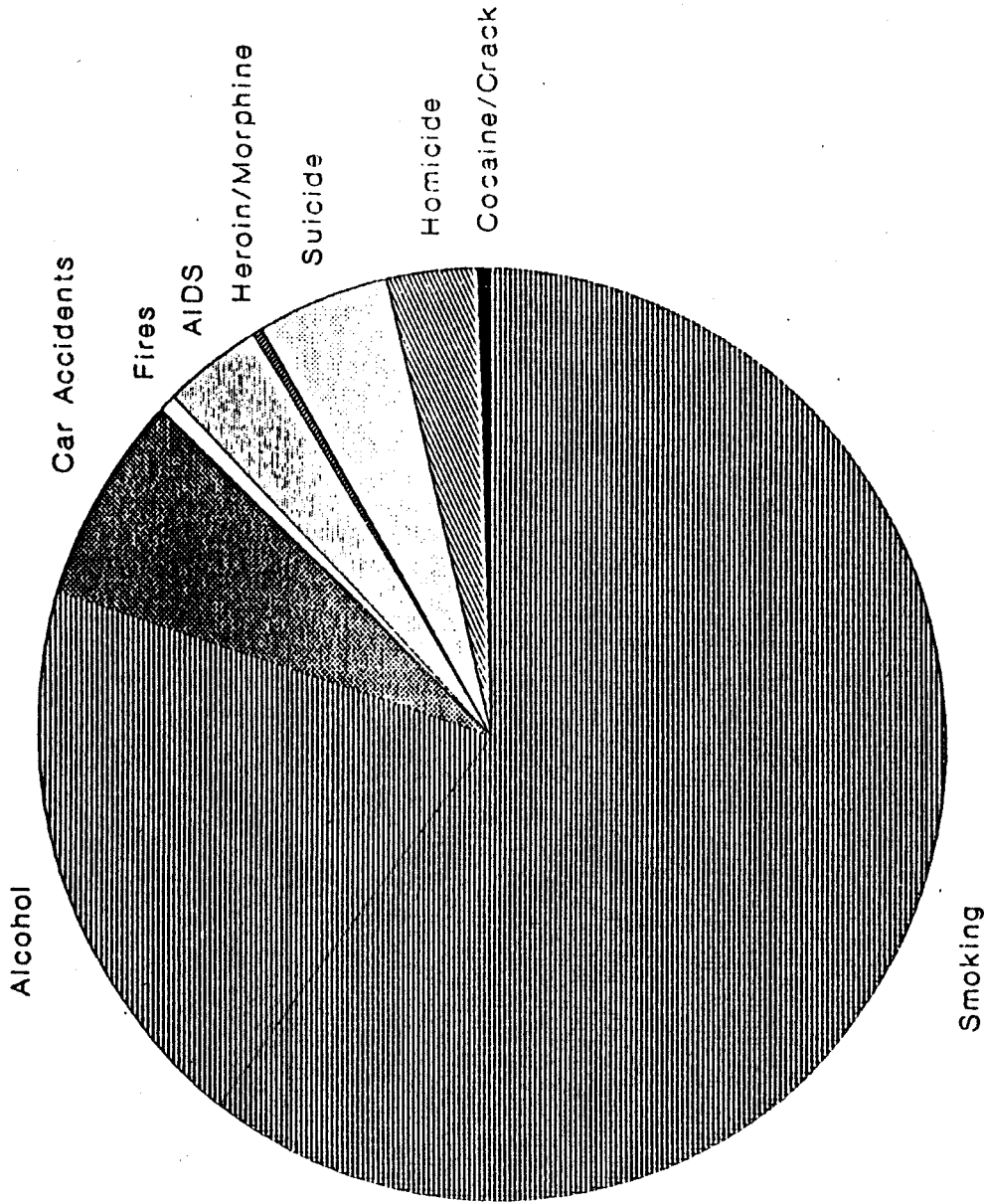
- Snuff:
- (a) 5/8 ounces or less, 1/2 cent;
 - (b) Over 5/8 ounce not exceeding 1 5/8 ounces, 1 cent;
 - (c) Over 1 5/8 ounces, not exceeding 2 1/2 ounces, 2 cents;
 - (d) Over 2 1/2 ounces, not exceeding 3 ounces; 2 1/2 cents;
 - (e) Over 3 ounces, not exceeding 5 ounces (cans, packages, gulleys), 3 cents;
 - (f) Over 3 ounces, not exceeding 5 ounces (glasses, tumblers, bottles), 3 1/2 cents;
 - (g) Over 5 ounces, not exceeding 6 ounces, 4 cents;
 - (h) One cent additional tax for each ounce or fraction thereof over 6 ounces.

²Effective July 1, 1990

SOURCE:

State Departments of Revenue, Bureaus of Tobacco and Miscellaneous Taxes.

Smoking Kills More Americans Annually Than All of These COMBINED



APPROXIMATE NUMBER OF DEATHS:

Smoking	390,000 ¹
Alcohol (including drunk driving)	125,000 ²
Car Accidents (including drunk driving)	47,000 ³
Fires	4,000 ³
AIDS	23,000 ⁴
Heroin/Morphine	2,400 ⁵
Suicide	31,000 ⁵
Homicide	21,000 ⁵
Cocaine/Crack	3,300 ⁵

¹1989 Surgeon General's Report, 1985 data

²Surgeon General's Office, 1985 data

³National Safety Council, 1989 data

⁴Centers for Disease Control, 1989 data

⁵National Center for Health Statistics, 1987 data

SENATE HEARING

EXHIBIT NO. 5

DATE 3/5/91

BILL NO. SB 353

TOBACCO USE

A major report of the Surgeon General covering 25 years of progress since the Surgeon General's Report in 1964 was issued in January 1989. The highlights of the report include: Prevalence of smoking has decreased from 40% in 1965 to 29% in 1987. Between 1964 and 1985, approximately three-quarters of a million smoking-related deaths were avoided or postponed as a result of decisions to quit smoking or not to start. Smoking rates are higher among blacks, blue-collar workers, and less-educated people than in the overall population. Smoking is responsible for more than one of six deaths in the United States. Smoking remains the single most important preventable cause of death in our society.

Based on updated data from Cancer Prevention Study II, the report estimates that smoking is related to 390,000 deaths each year.

In 1987, it was estimated that 45% of all adults who ever smoked have quit. However, children (especially girls) are starting to smoke at earlier ages. Among smokers born since 1935, more than 80% started smoking before age 21.

The American Cancer Society estimates that cigarette smoking is responsible for 85% of lung cancer cases among men and 75% among women—about 83% overall.

The higher cancer rates for men reflect that fact that in the past, more men than women smoked, and smoked more heavily. In recent years, however, the gap between numbers of men and women smoking has been narrowed.

Smoking also has been implicated in cancers of the mouth, pharynx, larynx, esophagus, pancreas, uterine cervix, and bladder. Smoking accounts for about 30% of all cancer deaths, is a major cause of heart disease, and is linked to conditions ranging from colds and gastric ulcers to chronic bronchitis, emphysema, and cerebrovascular disease.

A September 1985 study by the US Congress Office of Technology Assessment estimates the cost of smoking to the economy from \$38 billion to \$95 billion with a middle estimate of \$65 billion. This amounts to \$2.17 in lost productivity and the treatment of smoking-related diseases for each pack of cigarettes sold.

A Decline in Smoking

From 1976 to 1987, adult male smokers (20 years and older) dropped from 42% of the population to 31%, while women smokers decreased from 32% to 27%, according to the National Center for Health Statistics. Overall, the percentage of adult smokers in the population has dropped to 29%.

Per capita cigarette consumption among adults has fallen—from 4,141 in 1974 to 2,936 in 1989—reflecting a growing number of exsmokers. This is the lowest per capita consumption since 1942. From 1965 to 1987, the proportion of adult male exsmokers (20 years and older) in the total US population increased from 20% to 29%, while female exsmokers rose from 8% to 17%.

A survey supported by the National Institute on Drug Abuse indicated that the percentage of high school seniors (aged 17 and 18) who smoked cigarettes daily decreased from 29% in 1976 to 18% in 1988.

It is now estimated—from past national surveys and data from the Cancer Prevention Study II—that in the US today there are about 40 million ex-cigarette smokers and about 49 million smokers.

At the same time, however, the average smoker appears to be smoking more heavily. The proportion of adult male smokers (20 years and older) consuming 25 or more cigarettes per day increased from 30.7% to 32% between 1976 and 1985, and female smokers from 19% to 21%.

A June 1989 tobacco report of the US Department of Agriculture estimates US cigarette output from July 1988 to June 1989 at 685 billion, down 3% from the period

PREVENTION

DATE 3/5/91BILL NO. SB 353

July 1987 to June 1988. Figures from the USDA show that 542 billion cigarettes were consumed in 1989, down from 563 billion in 1988. However, US cigarette exports have increased 130% since 1985.

Nicotine Addiction

The Surgeon General released a report on nicotine addiction in May 1988. The report points out that all tobacco products contain substantial amounts of nicotine. Nicotine is absorbed readily from tobacco smoke in the lungs and from smokeless tobacco in the mouth or nose, and is rapidly distributed throughout the body. The conclusions were:

- 1) cigarettes and other forms of tobacco are addicting;
- 2) nicotine is the drug in tobacco that causes addiction;
- and 3) the pharmacologic and behavioral processes that determine tobacco addiction are similar to those that determine addiction to drugs such as heroin and cocaine.

Involuntary Smoking Hazards

There are hazards for nonsmokers who breathe the smoke of others' cigarettes. Several scientific studies, including a recent study by the American Cancer Society, have found an increased risk of lung cancer among nonsmoking wives of cigarette smokers. Although some studies have not shown an effect, evidence continues to grow indicating that involuntary smoking is a hazard.

Two major reviews in 1986 by the Surgeon General and the National Academy of Sciences state that involuntary smoking is a health hazard. Another NAS report, also published in 1986, states that the amount of smoke inhaled on airplane trips constitutes a hazard, particularly to airline personnel, and recommended that cigarette smoking on airlines be banned.

The Society's Cancer Prevention Study II, involving more than one million Americans, will include a careful assessment of cancer risk and other diseases among smokers and involuntary smokers.

Smokeless Tobacco

There has been a recent resurgence in the use of all forms of smokeless tobacco—plug, leaf, and snuff—but the greatest cause for concern centers on the increased use of "dipping snuff." In this practice, tobacco that has been processed into a coarse, moist powder is placed between the cheek and gum, and nicotine, along with a number of other carcinogens, is absorbed through the oral tissue. "Dipping snuff" is a highly addictive habit, one that exposes the body to levels of nicotine equal to those of cigarettes. A 1986 report of the Advisory Committee to the Surgeon General, outlining the health consequences of smokeless tobacco use, concluded that there is strong scientific evidence that the use of snuff causes cancer in humans, particularly cancer of the oral cavity. Oral cancer occurs several times more frequently among snuff dippers compared with non-tobacco users, and the excess risk of cancer of the cheek and gum may reach nearly fifty-fold among long-term snuff users. Smokeless tobacco is becoming a problem large in scope; the report found that in 1985 smokeless tobacco was used by at least 12 million people in the United States, and half of these were regular users. The use of smokeless tobacco is increasing among male adolescents and young male adults.

Industrial Hazards

Industrial workers are especially susceptible to lung diseases due to the combined effects of cigarette smoking and exposure to toxic industrial substances, such as fumes from rubber and chlorine, and dust from cotton and coal. Exposure to asbestos in combination with cigarette smoking increases an individual's lung cancer risk nearly 60 times.

Deaconess Research Institute, Inc.

SENATE TAXATION

EXHIBIT NO. 7

DATE 3/15/11

BILL NO. 58353

January 2, 1991

Senator Thomas E. Towe
P.O. Box 30457
Billings, MT 59107



Dear Senator Towe:

Thank you very much for your letter of December 19. We definitely have some thoughts on this matter and appreciate the opportunity to share them with you.

First, it is important for the Legislature to understand that the concept of having tobacco products pay for some of the damage they cause is an established precedent. Nebraska, Minnesota, Utah, Indiana and California already have in place tobacco product taxes, ranging from one cent per pack to 25 cents per pack. Depending on the state, some or all the revenue from this tax is used to support research on the health problems that use of these products cause, either directly or indirectly. In Nebraska, for example, an additional one cent per pack tax was recently imposed. All the revenue from that tax goes to support research on tobacco induced diseases. In California, 75% of the 25 cent tax, or 18.75 cents per pack, is devoted to support research on tobacco induced diseases.

Second, we need not fool ourselves into thinking that the cost of these health problems is inconsequential. Figures from the Office of Smoking and Health of the Public Health Service indicate that the cost of using tobacco products is **\$52 BILLION** per year in terms of increased health care cost, etc. That cost amounts to \$221 per man, woman and child per year. (It should be noted that these figures do not include consequential costs such as the value of property lost to fires caused by the careless handling of cigarettes.)

Although once thought to be largely unaffected, we now know that non-users are not safe either. A recent study published in the prestigious *New England Journal of Medicine* suggests that the continuing increase in the incidence of lung cancer in non-smoking women is likely the result of exposure to passive or "second hand" smoke, primarily in the work place.

Deaconess Care
Corporation

2520 17th Street West
Suite B-3
Billings, Montana 59102

Telephone 406-255-8470

John M. Jurist, Ph.D./Scientific Director
Robert K. Snider, M.D./Medical Director

Current figures from the American Cancer Society suggest that 3800 lung cancer deaths per year are caused by exposure to passive smoke.

We are not just talking about the obvious risks of using tobacco products. Studies have been published in well refereed, peer reviewed, national and international scientific journals clearly indicating that tobacco usage plays a major role in the development of a number of neoplastic diseases including lung, oral, laryngeal, esophageal, pharyngeal, pancreatic, uterine, cervical and bladder cancer, cerebral vascular disease (including stroke), cardiovascular disease and peripheral vascular disease (including Raynaud's disease). In addition, tobacco use has been associated with bronchospastic disease of children in households with smoking parents. Tobacco use is also an established factor in a number of connective tissue abnormalities including premature aging of the skin, impaired fracture healing, osteoporosis, and increased risk of intervertebral disc disease. Recent studies also suggest that tobacco use is linked to chronic lower back pain.

Third, it should be emphasized that in their advertising campaigns the tobacco companies encourage young people to adopt one of the most addictive types of behavior known to medicine. Clearly, development of this type of addictive behavior, at an early age, increases the risk of developing other addictive behaviors later in life, including alcohol and chemical abuse.

The Legislature must understand that this measure is not designed just to raise revenue and in the process target the tobacco industry as a convenient vehicle. Rather, we are trying to recover from those people who choose to smoke, more of the costs that society must bear as a result of their choice. While this proposal is a step in the proper direction, it is also clear that a 7.5 cent per pack tax is in no way going to generate \$176,800,000 per year, which, on a per capita basis, is Montana's share of the total \$52 BILLION tobacco use is costing.

Once the Legislature understands these points, there may be some discussion as to how much the tax should be; there should be no doubt that the tax is needed and appropriate.

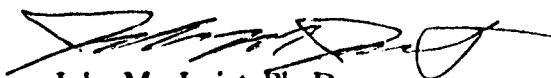
We believe that these funds can best be administered through the Montana Science and Technology Alliance. A panel of Montana scientists can be assembled at minimal cost, to develop the guidelines for the program to be

followed by the Alliance in administering this program. We would suggest that a peer review system, much like that used by the American Cancer Society or the National Science Foundation, be established. A group of respected scientists can be selected to review proposals for scientific merit. At least two of those experts would be assigned to review each application. Since the reviews would be conducted by mail, review expense would be minimal. Once the applications are assigned a score indicating their scientific merit, (normally 100 indicating the best application and 500 indicating a disapproval) the Alliance would fund these proposals in ascending numerical score order at the budget level recommended by the peer reviewers until available funds are exhausted or all the meritorious projects are paid.

In our opinion, projects should be approved for periods of up to three years with funds distributed on a quarterly basis. We would suggest that annual progress and expenditure reports be required as a condition of each award.

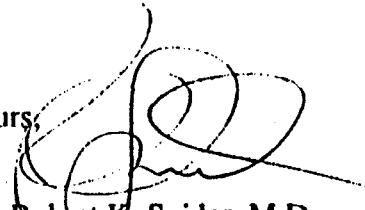
We certainly support your concept that only research that has direct relevance to the consequences of using tobacco products be funded from this source. We urge that this point be retained no matter what level of additional taxation on tobacco products is ultimately agreed to.

We hope that you find these comments helpful. We will be pleased to provide you any additional factual material that we can on the effects and costs of the use of tobacco products.



John M. Jurist, Ph. D.
Scientific Director

Sincerely yours,



Robert K. Snider, M.D.
Medical Director

Sales Taxes on Cigarettes and Other Tobacco Products are a Rapidly Diminishing Revenue Source

Sales of cigarettes in Montana peaked in 1982 when tax-paid cigarette sales totalled 97.1 million packs. Since then, tax-paid sales of cigarettes have dropped to 69.5 million packs in 1990--a 29 percent decrease. This drop has occurred over an eight-year period, during which the federal tax was doubled from 8 to 16¢ per package and the state tax was increased in two increments (in 1983 and then again in 1989) from 12¢ to 18¢ per pack. The U.S. Congress has recently again increased the cigarette tax by 4¢ a package this year and another 4¢ a package next year, for a total of 8¢ per pack.

The graph attached to these comments dramatizes this drop in sales. The drop has been continuous. We believe it has been accelerated by the increases in the sales taxes on cigarettes--the federal tax doubling in 1983 and the Montana tax being increased in 1983 and 1989. The federal tax was a 100 percent increase in 1983 and the Montana tax has been increased 33-1/3 percent, both since 1980. The latest federal tax increase totalling 8¢ per pack of cigarettes will place the federal tax at 24¢ per pack.

Senate Bill 353 seeks to increase the state cigarette sales tax from 18¢ to 43¢ per pack--a 25¢ or 140 percent increase. Taxes on other tobacco products would be doubled--from 12-1/2 percent to 25 percent of their wholesale price.

Any increase in these selective sales taxes would further accelerate decreases in taxed sales of the products. This will result in substantial reductions in the tax revenues which are allocated toward the payment of obligations occurred by the Long-Range Building Program.

Present Revenues from Sales Taxes on Cigarettes and Other Tobacco Products are Dedicated to the Long-Range Building Program Fund.

Presently, all monies collected from the cigarette tax are deposited in the Long-Range Building Program Fund. Approximately 70 percent of the money is then allocated for debt service and approximately 30 percent of the funds are allocated to the Capital Projects Fund. All money collected from the tax on other tobacco products is deposited in the Long-Range Building Program Debt Service Fund.

Essentially, the collections go for debt reduction and maintenance costs, all associated with the Long-Range Building Program.

In 1989 the cigarette tax was increased by 2¢ per package to provide funds for the construction of a veterans' nursing home to be located in Glendive. Those monies have not yet been expended. The project is awaiting matching federal funds. Legislation is now pending before this legislature to preserve this money for this purpose and to continue earmarking the 2¢ to insure funding for maintenance and other costs at the facility.

Senate Bill 353 seeks to preserve the amounts of revenue now going into the building program fund by allocating a sufficient percentage of the proposed collections to maintain the level of payments to that account. The amount going to that account, however, will be reduced by the amount of reduction in taxed sales of tobacco products that will be experienced because of the tax increases.

We believe that the volume of taxed sales of cigarettes could drop by as much as 18 percent during the first year of imposition of the tax as a result of the increase. We base this estimate upon experience elsewhere. In California, for instance, during the first year after its sales tax on cigarettes was increased on January 1, 1989, from 10¢ to 35¢ per pack (a similar 25¢ per pack increase), taxed sales of cigarettes plunged by a significant 13.8 percent. We would expect a greater decrease in Montana because of the resulting higher tax rate established by Senate Bill 353 and because of the capability of purchasing untaxed cigarettes on Indian reservations and in Wyoming and Idaho, where the tax rate would be less. According to a 1985 study by the Advisory Council on Intergovernmental Relations, tax exempt cigarette sales on Montana's Indian reservations represented 17.4% of all cigarette sales in the state--tops in the nation.

Clearly, revenues dedicated to the Long-Range Building Program would be substantially reduced as a result of the tax increase proposed in Senate Bill 353.

A Comparison of Senate Bill 353 and Initiative 115

We all know that Montanans do not favor tax increases. We know that Montanans do not favor selective sales taxes.

The most recent opportunity that Montanans have had to demonstrate their dislike of selective sales tax increases was in the last General Election. Initiative 115, which sought to impose the same tax increases as are contained in Senate Bill 353, was defeated by 59 percent of the electorate. Voters in 54 of Montana's 56 counties voted it down. The election results are attached to this statement.

Senate Bill 353 imposes the same selective sales tax increases called for in Initiative 115.

Initiative 115 provided that the increased revenues called for in that measure would be set aside and deposited in a tobacco education and preventive health care fund.

Senate Bill 353 proposes that 70 percent of the new revenue increases be put in the general fund for appropriation to the University System and 30 percent of the new monies be allocated to a tobacco education and health care fund.

According to the fiscal note prepared for Senate Bill 353 (assuming no decrease in sales), \$7,676,556 per biennium would be put in the new tobacco education and health care fund.

This is more than budget requests from general fund appropriations for the Department of Health and Environmental Sciences for the coming biennium.

The sponsor claims that there will be no increase in bureaucracy as the result of the establishment of the fund and expenditures of the monies contained therein. We cannot imagine a \$7.6 million budget without a department to oversee its use. Senate Bill 353 does not specify how the funds in the new account are to be used nor whether the money will be distributed through an existing agency or whether a new agency will be established. In either event, it is clear that there will be new bureaucracy required in connection with the use of the money.

The most incongruous thing about the proposal set forth in Senate Bill 353 is that it proposes to use revenues gained from the sale of tobacco products to cause a total termination of sales of the products.

The bill is totally destructive of the principal purposes of the collection of the tax revenue--payment of the building program's long-term debt and, if Senate Bill 353 passes, funds for the University System.

The bill calls for a referendum on the tax proposal. Montanans have already spoken at the last General Election. Another referendum is unnecessary and would be wasteful of Montana's election resources.

The Tobacco Products Selective Sales Taxes are Discriminatory

Certain supporters of Senate Bill 353 are principally interested in the bill because of its provision that monies be directed toward the University System. In this regard, the bill

sets aside a segment of Montana's population for special treatment--the payment of a discriminatory sales tax.

There is no logical basis for selecting a third of Montana's adult population and requiring them to ante up money for an obligation that is really the obligation of all of the taxpayers of this state.

The Tobacco Education and Preventive Health Care Fund Account

Senate Bill 353 establishes a Tobacco Education and Preventive Health Care Account. In doing so, however, the bill does not delineate the way the monies deposited in the account are to be used. The only suggestion of the monies intended use is contained in the title of the account. However, we don't perceive any dearth of educational materials in Montana regarding tobacco. Such materials are certainly in abundant supply in this state. Television and radio public service announcements regarding tobacco continue to bombard all of us. There is absolutely no need demonstrated for the establishment of such an account in this state.

If further monies are deemed necessary for education or research regarding tobacco or any other product, such monies certainly should be available through the facilities of the American Cancer Society, the American Lung Association, and the American Heart Association, to name a few. These three organizations had, in 1988 (latest figures available), a combined net worth of \$1,080,900,000.

These three organizations had a combined income of \$656,600,000 in 1988. The commitment to research of funds donated to these three organizations on an annual basis by the American public is relatively penurious. The prime beneficiaries of all this money are managers and staffs. The Cancer Society allocated only 25 percent of its income to research. The Heart Association only 30 percent--and in the last ten years the American Lung Association has allocated only 3.2 percent of its income to research.

\$7.5 million would be a mere pittance to these organizations. Truly, there is plenty of money available for education and research in this state if the "Big Three" charitable organizations would only kick loose with it and donate it here in Montana.

Summary

1. Montanans have rejected this tax in the past election. There is no need for another referendum.

2. The proposed tax increase would severely reduce the revenues now available to the Long-Range Building Program Fund.
3. The tax is self-defeating--the tax increase would cause sharp reductions in taxed sales and thus in revenues.
4. The cigarette and other tobacco products taxes are selective sales taxes and increases in them would simply exacerbate their discriminatory nature.

Jerome Anderson
The Tobacco Institute

Mark Staples
Montana Assn. of Tobacco
and Candy Distributors

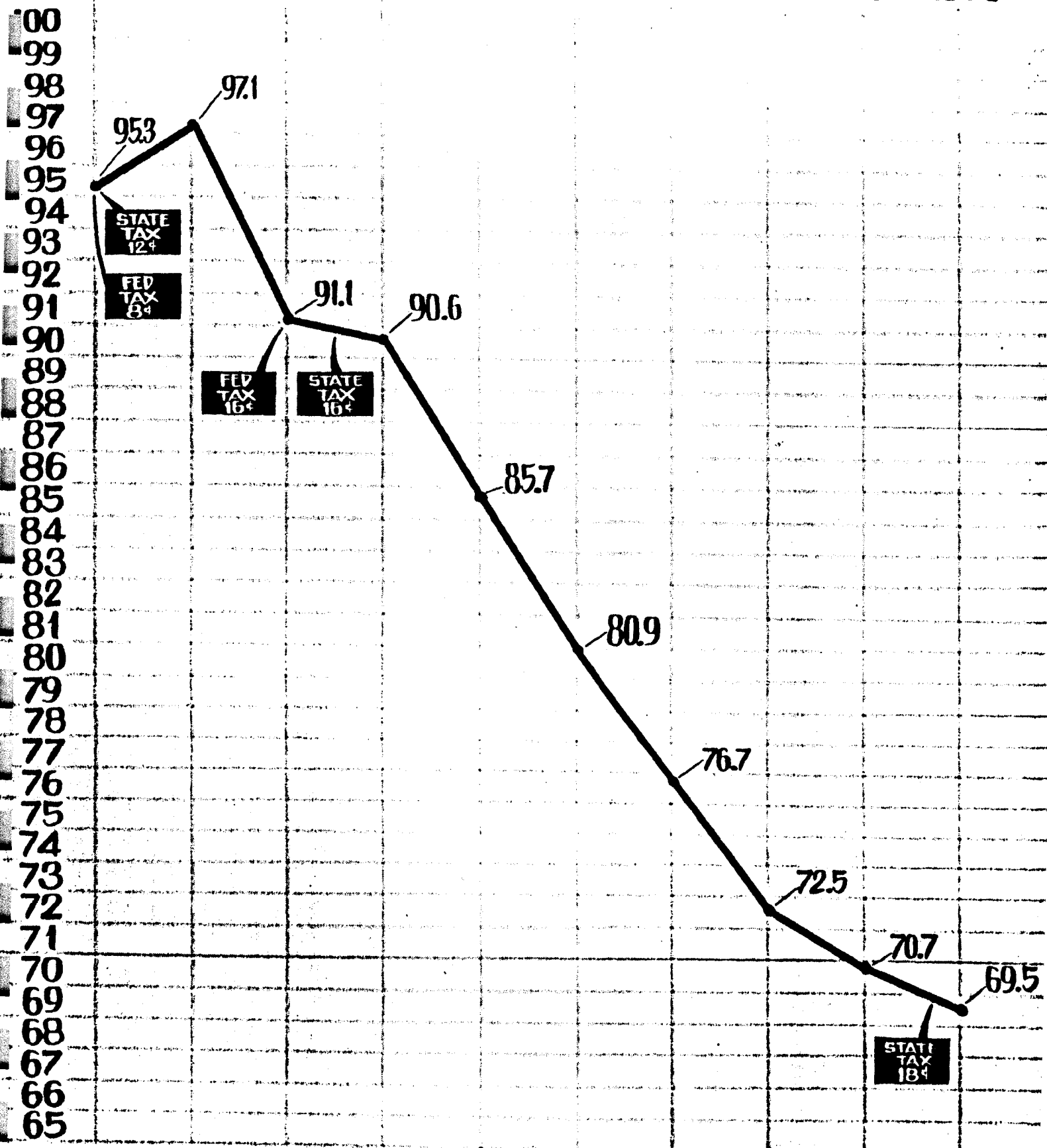
John Delano
Philip Morris, Ltd.

Roger Tippy
R.J. Reynolds Tobacco Co.

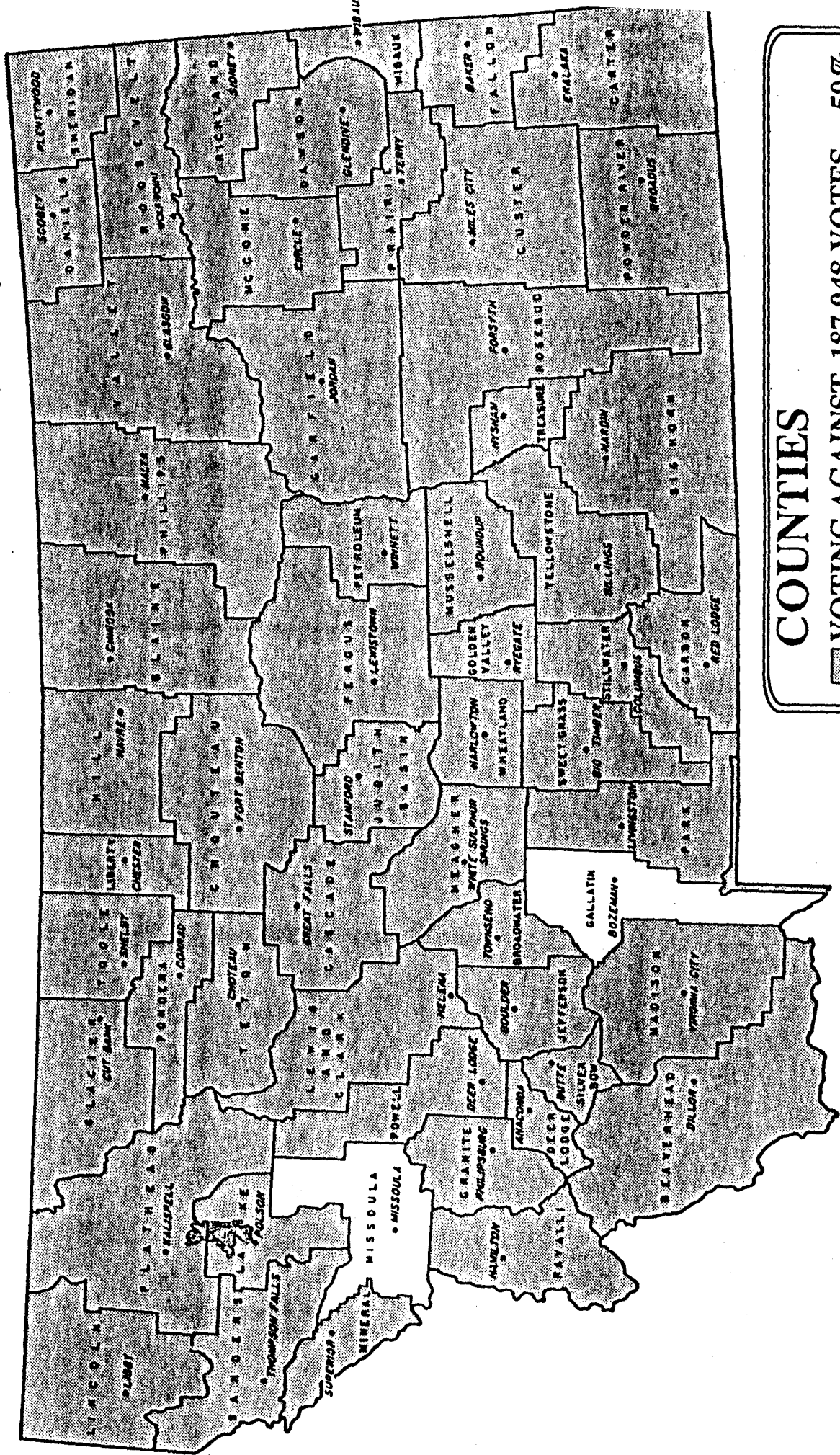
Gene Phillips
The Smokeless Tobacco Council

CIGARETTE SALES IN MILLIONS OF PACKS 1981-1990

1981 1982 1983 1984 1985 1986 1987 1988 1989 1990



COUNTIES VOTING AGAINST INITIATIVE 115



COUNTIES

☒ VOTING AGAINST 187,948 VOTES -- 59%

☐ VOTING FOR 130,221 VOTES 41%

REPORT OF THE OFFICIAL 1990 GENERAL CANVASS
Ballot Issues

Compiled by Secretary of State Mike Cooney

County	CONSTITUTIONAL CALL		CONVENTION		CONSTITUTIONAL AMENDMENT 21		CONSTITUTIONAL INITIATIVE 55	
	FOR	AGAINST	FOR	AGAINST	FOR	AGAINST	FOR	AGAINST
Beaverhead	547	2698	1840	1315	660	2625	660	2625
Big Horn	913	2283	1932	1326	779	2540	779	2540
Blaine	541	1905	1237	1165	490	2010	490	2010
Broadwater	154	1147	676	820	390	1165	390	1165
Carbon	627	3060	2097	1498	959	2799	959	2799
Carter	81	722	318	472	129	689	129	689
Cascade	3602	22837	13502	12558	6678	20759	6678	20759
Chouteau	261	2593	1028	1758	522	2409	522	2409
Custer	913	3467	2654	1683	197	3529	197	3529
Daniels	178	948	512	591	197	998	197	998
Dawson	733	3297	2260	1672	911	3212	911	3212
Deer Lodge	838	3201	2290	1632	1181	2926	1181	2926
Fallon	230	1112	666	699	151	1370	151	1370
Fergus	1223	4113	3186	2032	1617	3930	1617	3930
Flathead	4620	16184	13857	7173	7436	14574	7436	14574
Gallatin	4320	13736	393	5231	6522	12546	6522	12546
Glacier	111	657	1712	348	205	583	205	583
Glacier Valley	759	2129	1176	1176	698	2280	698	2280
Golden Valley	76	423	233	240	99	416	99	416
Grahlte	275	928	621	501	267	930	267	930
Hill	1276	4979	3574	2607	1381	5084	1381	5084
Jefferson	410	2889	1690	1539	1011	2313	1011	2313
Judith Basin	138	1121	615	619	227	1089	227	1089
Lake	953	6101	3462	3678	2329	5266	2329	5266
Lewis & Clark	3119	16394	11963	7336	4559	15493	4559	15493
Liberty	116	965	553	495	1591	874	1591	874
Lincoln	1511	4764	4031	2291	1775	4987	1775	4987
Madison	466	2043	1413	1033	281	1811	281	1811
Meagher	148	1127	572	664	1031	735	1031	735
Mineral	1022	735	420	412	127	973	127	973
Missoula	333	995	824	480	408	773	408	773
Musselshell	5645	21325	17071	9311	5538	22078	5538	22078
Park	328	1549	973	882	599	1364	599	1364
Petroleum	926	5025	3373	2441	1068	5012	1068	5012
Phillips	35	217	117	122	54	208	54	208
Pondera	393	1832	1170	983	629	1689	629	1689
Powder River	513	2135	1514	1067	617	2124	617	2124
Powell	124	791	410	483	142	765	142	765
Prairie	406	1951	1450	892	593	1850	593	1850
Ravalli	92	566	301	333	142	523	142	523
Richland	1898	8594	6215	4057	3197	7609	3197	7609
Roosevelt	504	1944	1526	1526	925	3128	925	3128
Rosebud	720	2512	1596	1580	629	2720	629	2720
Sanders	595	2460	1635	1378	617	2488	617	2488
Sheridan	272	2786	2196	1443	960	2846	960	2846
		2026	1016	1185	319	2096	319	2096

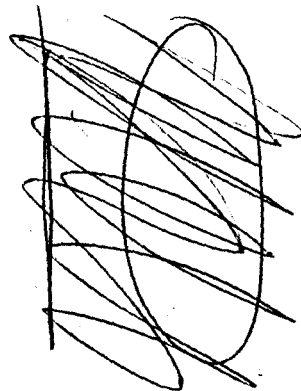
REPORT OF THE OFFICIAL 1990 GENERAL CANVASS
Ballot Issues

Compiled by Secretary of State Mike Cooney

County	CONSTITUTIONAL CONVENTION CALL 1		CONSTITUTIONAL AMENDMENT 21		CONSTITUTIONAL INITIATIVE 55	
	FOR	AGAINST	FOR	AGAINST	FOR	AGAINST
Silver Bow	3024	11714	8110	6433	3871	11315
Stillwater	345	2425	1193	1564	801	2165
Sweet Grass	216	1293	1715	747	372	1180
Teton	386	2200	1511	1120	534	2269
Toole	413	2010	1429	897	593	1885
Treasure	44	424	141	308	94	387
Valley	519	2847	1434	1839	866	2664
Wheatland	152	835	468	429	205	815
Wibaux	99	509	237	341	113	521
Yellowstone	5557	35426	16743	23012	10937	31160
*** Total ***	53630	245009	166143	129477	78254	232907

Exhibit

#



9

to be discussed
in my
Seminar
Winters

MEMO TO MONTANA HOUSE TAXATION COMMITTEE
FROM HILL COUNTY WATER DISTRICT - DAVE JONES
DATE - JANUARY 15, 1991

EXHIBIT NO. 10
PRESIDENT 3/5/91
DATE
BILL NO. HB 39

SUBJECT: Amendment of Section 15-6-201(1)(m), MCA, to exempt motor vehicles owned by cooperative associations or nonprofit corporations organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land.

The Hill County Water District recently purchased two small pickups for our managers to use in servicing our waterlines and dealing with customers. We supply water to approximately seven hundred fifty customers in areas from west of Havre to Joplin, Montana. We have been organized since 1965 and operate under the county water district laws established by Section 7-13-2201 through 2351 of the Montana Code Annotated.

When we sought a license for our two motor vehicles, we were initially advised by our county treasurer that he didn't think they were taxable because they were owned by Hill County Water District, which is a rural water district created by statutory procedures. He then checked with the Motor Vehicle Division in Deer Lodge and was advised that we would have to pay to license the vehicles. We then did that at the same costs any other private taxpayer would pay.

As we considered that earlier amendments to Section 15-6-201(1)(m), MCA, had exempted our land, fixtures, buildings and improvements from taxation, we believed that motor vehicles should also be exempt. We are totally publicly supported by the fees which we charge our customers for the water which they receive. All of our authority is derived from Montana law and we even have the ability to place a tax against property with consent of the county commissioners if our fees do not generate sufficient funds to pay the bonded indebtedness of our system.

Information is that other rural water districts are not being charged to license their motor vehicles. That is probably because their local treasurers believe, as ours initially did, that they were exempt as a publicly supported water system. In order to make the law uniform throughout the state and eliminate any question, this change would be appropriate. There are not a great number of motor vehicles owned by groups who would qualify under this exemption and since most of them do not appear to be paying taxes at this time anyway, the exemption should not have a significant fiscal impact.

Thank you very much for your considerations of these comments.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 5, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 39 (third reading copy -- blue), respectfully report that House Bill No. 39 be concurred in

Signed: _____

Mike Halligan, Chairman

MR 3-5-91
Ad. Coord.

SB 39 3/5/91
Sec. of Senate

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