

**MINUTES**

**MONTANA SENATE  
52nd LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON TAXATION**

**Call to Order:** By Senator Mike Halligan, Chairman, on March 15, 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)  
Bill Yellowtail (D)

**Members Excused:**

Thomas Towe (D)  
Fred Van Valkenburg (D)

**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 411**

**Presentation and Opening Statement by Sponsor:**

Senator Fritz, District 28, sponsor, said the bill expands slightly the permissible activities that the Montana Historical Society can undertake in the name of promoting tourism and travel in Montana. It applies to 1% of the bed tax that has been earmarked since its inception to the Historical Society for the installation and maintenance of roadside historical signs and historic sights. The bill adds "for the administration, maintenance, and enhancement of public enjoyment" to the historic sites provision of the bill.

**Proponents' Testimony:**

Larry Sommer, Director, Montana Historical Society, presented his testimony in support of the bill (Exhibit #1).

Gloria Hermanson, Montana Cultural Advocacy, expressed support for the bill saying the capitol tours are a very important part of tourism in the state. She urged the committee to support the bill.

Jennifer Jeffries Thompson, Curator of Education, Montana Historical Society, presented her testimony in support of the bill (Exhibit #2).

Ron Sunsted, Director, Office of Budget and Program Planning, said the Governor's office feels this is an important program, and they recommend that if this legislation does not pass, it should be funded from the general fund.

**Opponents' Testimony:**

Keith Colbo, representing the Tourism Coalition, an organization of 20 private sector organizations and groups that promote tourism, presented his testimony in support of the bill (Exhibit #3).

Larry McRae, Chairman, Tourism Advisory Council, presented his testimony in support of the bill (Exhibit #4).

Stuart Doggett, Montana Innkeepers, expressed concern about another attack on the integrity of the bed tax.

Forrest Boles, Montana Chamber of Commerce, said he agreed with the previous testimony and expressed opposition to any diversion of bed tax revenue. The innkeepers of the state agreed to the tax to promote tourism and the money should be used for that exclusively.

**Questions From Committee Members:**

Senator Yellowtail asked for an up-date on the status of roadside markers and signs.

Brian Cockhill, Montana Historical Society, said the program got off to very slow start with no bidder on the contract. They put out 70 signs in 1990 and will put out another 70 this year with a potential market of 6000 to 7000 signs. They do not have an overabundance of customers at this point and are not turning anyone away. There is an information campaign ongoing about the availability of the signs for those people who are interested. Mr. Cockhill said the budget \$52,000 per year, the capitol tours are using \$18,000 - \$24,000, leaving \$26,000 for roadside signs.

In 1992, \$10,000 per year will have to be spent on Native American markers, leaving a balance of \$16,000 for roadside signs.

Senator Yellowtail said he felt the priorities were backward. Roadside historical markers should come first. Capitol tours are important and should be funded, but not on a first priority basis.

#### Closing by Sponsor:

Senator Fritz said it would be a "capitol" idea if the Appropriations Committee would give \$25,000 a year to the tours. He suggested the Montana Chamber of Commerce or Innkeepers Association might also be interested in funding the tours. He said this bill is not an assault or diversion of bed tax monies. Historic sites are already part of the bed tax revenue allocations. This is merely an expansion of the historical site provision to give the historical society the permissive use for capitol tours.

### HEARING ON SENATE BILL 396

#### Presentation and Opening Statement by Sponsor:

Senator Eck, District 40, sponsor, said the bill imposes a 5% tax on the rental of a videotape to be deposited to the Children's Trust Fund Account and provides for penalties. She presented proposed amendments to the bill (Exhibit #5) which would allow for donations to be deposited to the trust and the program to be funded from the interest. There is a question of constitutionality and the bill may have to be broadened to be more inclusive in order to avoid the constitutionality issue. Senator Eck presented material from the Montana Children's Trust Fund (Exhibits 5a, b, and c).

#### Proponents' Testimony:

Mike Males, President, Montana Children's Trust Fund, presented his testimony in support of the bill (Exhibits #5a, 5b, and 5c).

Gaylord Walls, Immediate Past President, Children's Trust Fund, said he knows the opponents are not here to oppose the Trust Fund and its funding of child abuse prevention. They are just against the tax and the Board appreciates their position. He said they receive over 50 proposals a year and are only able to fund half of them and then never to their full requested amount. He said it was like fighting Goliath and only kicking sand in his face. Mr. Walls pointed out prevention is cheaper than treatment and there is a big job to be done.

Lenore F. Taliaferro, First Steps Coordinator, Helena Council for Prevention of Child Abuse, presented her testimony in support of the bill (Exhibit #6).

Collette Baumgartner, Legislative Aide for the Democratic Women's Caucus of both the House and Senate Women, expressed support for the bill.

#### Opponents' Testimony:

Dennis Burr, Montana Taxpayers Association, said there is certainly a justifiable need for the tax and the resultant funding. He emphasized he was not trying to discourage the proponents in their cause, however, this is not the right funding source. There is no real connection between activity and the funding source as is the case with other earmarked funds in Montana.

Mr. Burr presented a statement from Kay Foster, Billings Chamber of Commerce, in opposition to the bill (Exhibit #7).

Charles Brooks, Montana Retail Association, said he and the Association he represents recognize the noble purpose and the intent to address a real problem area. His members have asked him to oppose the bill on the grounds that the legislature must come to grips with a total tax reform program and the appropriate selective tax should be applied as a result.

Reilly Johnson, National Federation of Independent Business, said his organization is "dead set against a selective sales tax". He acknowledged the cause is right and good, but the tax is not.

Bill Stevens, Montana Food Distributors Association, presented his testimony in opposition to the bill (Exhibit #8).

Dave Wadsworth, Montana Chapter of Video Software Dealers Association, presented his testimony and attached petitions to the committee (Exhibits #9).

Jerry Skillman, Center Stage Video, Helena, presented his testimony in opposition to the bill (Exhibit #10).

David Richards, Showcase Video, Missoula, presented his testimony in opposition to the bill (Exhibit #11).

Tim Dale, Hollywood Video, East Helena, expressed his agreement with the previous testimony and asked the committee to give the bill a negative recommendation.

Other letters and petitions presented to the committee following the meeting are attached to these minutes as Exhibits #12, 13, 14, and 15.

Questions From Committee Members:

Senator Doherty asked the video people if they would support the committee action if the committee were to vote down the selective sales tax and raise taxes to support this program.

Mr. Richards said they would be in favor of a tax increase if the legislature cut expenditures in other areas.

Senator Brown asked if the video gambling business has had any affect on the video rental business.

Mr. Richards said he did not think it was a factor.

Closing by Sponsor:

Senator Eck closed by saying it was a good and fair hearing. She said there is one advantage to singling out a specific industry - they do get involved in the legislative process. She said the bill is an effort to get some earmarked funding for a very important cause. The Board is working with voluntary organizations and try to dispense the limited funds they have in an equitable manner. It is difficult to have a significant impact on the large problem of child abuse and neglect when limited funds must be even further divided. She noted the First Steps Program in Helena is an excellent example of prevention and if it were replicated across the state, many cases of abuse and neglect could be prevented. She reminded the committee that the legislative council and budget representatives felt the tax needs to be broadened to avoid a constitutionality challenge. She again thanked both the proponents and opponents for a good hearing.

ADJOURNMENT

Adjournment At: 10:00 a.m.

  
\_\_\_\_\_  
SENATOR MIKE HALLIGAN, Chairman  
\_\_\_\_\_  
JILL D. ROHYANS, Secretary

MH/jdr

DATE

3/15/91

COMMITTEE ON

Taxation

SB 411

SB 396

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Bruce Leibel	MHS	SB 411	✓	
Vannier Jeffries Thompson	MHS			
Debi Schlenger	MT LIBRARY ASSOC	SB 411	✓	
Walter Sommer	MHS	SB 411	✓	
Van Steel	USDA	SB 396		✓
Bonnie Steel	USDA	SB 396		✓
Ray Daig	3-D Video	SB 396		✓
Kim Sullivan	Center Stage	SB 396		✓
Frances Bolt	Video Station	SB 396		✓
Larry R Bott	Video Station Helena	396		✓
Jim R Dellen	Hollywood Video	3 SB 396		✓
Joe Gornet	HOMETOWN + TOP TOP VIDEO	SB 396		✓
Paul Decker	One Stop Video	SB 396		✓
David Rickard	Showcase Video	SB 396		✓
LEN SCHMITT	MAJOR VIDEO	SB 396		✓
Lyla Amato	NipTop Video	SB 396		✓
Brenda Rockett	One Stop Video	SB 396		✓
Bob Carlson	Leading Edge Video	SB 396		✓
Yvonne Sauer	Leading Edge Video	SB 396		✓
Gaby Norton	Center Cinema Video	396		✓
Robert A Miller	Showcase Video Missoula	396		✓
Elizabeth Woodworth	Lolo Video	396		✓
Diane Smith	Hardin - Centre Video	396		✓
BT	Center Stage	396		✓
Gally Chunging	Video Warehouse	396		✓
PC Ferry	"	396		✓

DATE 3/15/91

COMMITTEE ON

Faxation

SB411 SB396

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Lynne Schmitt	Sound Easy Video	396		<input checked="" type="checkbox"/>
Lenore F. Toliver	Helen Council Child Abuse Prevention - First Steps	396	<input checked="" type="checkbox"/>	
D. Elizabeth Poeth	Heather Mothers/Hlthy Babies	396	<input checked="" type="checkbox"/>	
Barry D. Roe	Women Advisory Council	411		<input checked="" type="checkbox"/>
Stuart Payzett	MT Truckers	411		<input checked="" type="checkbox"/>
Randy Hart	Children's Trust Fund	396	<input checked="" type="checkbox"/>	
Mike Niles	" " "	396	<input checked="" type="checkbox"/>	
Raymond Walls	Children's Trust Fund	396	<input checked="" type="checkbox"/>	
Joe Woodworth	MT, USDA	396		<input checked="" type="checkbox"/>
Gloria Humanson	MT Cultural Advisory	411	<input checked="" type="checkbox"/>	
James Burr	MT Truckers Assoc	396		<input checked="" type="checkbox"/>
Marvin Barber	Big Timber mt	396		<input checked="" type="checkbox"/>
Charles R. Brooks	NIT. Rpt. 1/17/88	396		<input checked="" type="checkbox"/>
Al Buck Boles	MT CHAMBER	411		<input checked="" type="checkbox"/>
Bill Stevens	MT Food Nut Area	396		<input checked="" type="checkbox"/>
Keith L. Colb	MT Tourism Coalition	411		<input checked="" type="checkbox"/>
Colt Baumgardner	Democratic Women's Caucus	396	<input checked="" type="checkbox"/>	

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 3/15/91

52<sup>nd</sup> 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.



SB 411

The Society is asking for consideration of SB 411 to correct a technical problem that we can otherwise do little about.

Prior to 1987 the Society operated Capitol tours with general fund support at the direction of the Governor's office. As a result of general fund budget cuts made in 1987, the Capitol tours program was eliminated. Subsequently, the Governor's office directed the Society to continue operating these tours using part of our "accommodations tax" allocation. This funding was accepted by the Legislature in 1989, and many legislators have since expressed their interest and concern that these tours continue.

Earlier this year the Legislative Auditor determined that funding the Capitol tours program with accommodations tax money was not within the scope and intent of the statute. As a result of this finding the Society received an audit exception and a recommendation from the Legislative Auditor to amend the language in the statute to permit the Society to continue the Capitol tours program.

This is why we are here today. The Capitol tours program has been a very popular and successful service for tourists from throughout the United States, Canada and many foreign countries. We believe this activity is fully within the intent of the accommodations tax statute to promote and develop Montana's tourism industry.

Thank you for considering this amendment that would allow this very popular program to continue.

Testimony for Capitol Tour Program  
 Presented by Jennifer Jeffries Thompson  
 Curator of Education  
 Montana Historical Society  
 March 15, 1991

If we were to step out into the halls, we would hear voices. I'm not suggesting that the halls are haunted, or that it would be a supernatural experience. It would simply be the sounds of children and educators on tour. Today, like many since the first of January, there will be 275 students on tour. They will be visiting the state's most prominent and well-known historic site and seat of government, from Leannap, Plevna, Lewistown, Glendive, Heistone and from three schools in Helena.

It will be a first time experience for many of the students. Sometimes their excitement is hard to contain, and the halls resound with chatter and comment. Teachers are pleased because they know that once a reservation has been made, his or her group will be met by trained interpreters who will not only look at the Capitol building as art and architecture, but they will also explain the legislative process. School officials are pleased because the expense of the trip can be justified as a worthwhile experience. The parents are pleased because when the relatives come to visit this summer, their child can offer some information about the state Capitol.

The Montana Historical Society has been keeping visitation figures on the Capitol since 1983 when the program began. Here are some patterns. Summer tours of the Capitol nearly double during a legislative year. For instance, in 1983 15,429 came to the Capitol for a tour. In 1984, there were 3690. In 1987 (the year that began the precedent of offering Capitol tours only during the summer and legislative session rather than all year long), 12,633 took tours of the Capitol. In 1988 7,475.

The tour statistics for the summer months have grown steadily since 1983: From 4267 in 1983 to 9547 last summer. We expect the trend to continue. During the summer months, guides are positioned in the Capitol Rotunda from the week after school closure to and including Labor Day. They provide forty five minute tours hourly, and are called upon to do so seven days a week. Nearly every hour there is a tour provided.

As the most visible representative of state government, the Capitol guides also serve to inform visitors of other things to see and do not only in Helena, but around the state. Their opinion of roads to travel, places to stay and eat are solicited. Guides maintain calendars of events, maps, and other suggestions. They are truly ambassadors to those traveling great distances.

Speaking of traveling great distances, a number of tour companies or travel packaged groups through Montana, as most of you know, have of them, especially those including cultural components in

Holidays, a tour company from Boston, will bring 52 busloads of 40  
Senior Citizens this summer and fall to visit the Historical  
Society, the Tour Train, Frontier Town and the Capitol. They stay  
overnight. In addition, we have confirmed similar tours with Bussè  
Tours of Sioux City IA; Parker Tours, Rego Park, NY; CanAM  
Holidays, Regina Saskatchewan; Empire Tours, Spokane; North Shore  
Travel, Bothel, WA; and Maine Line Tours, Portland, ME

RESOLUTION

EXHIBIT NO. 2

DATE 3/15/91

BILL NO. SB 411

Visitation at the Montana Historical Society (that is the number of  
people walking through the doors) is between 100,000 and 120,000  
per year. It is safe to assume that walk-in traffic at the Capitol  
is about the same. The state Capitol building is a highly visible,  
historically and architecturally significant structure. It is  
among the most visited cultural sites in the state. With the  
opportunity of meeting and educating such a wide variety of  
publics, and for providing a valuable service to the tourism  
industry, the Capitol Tour Program warrants full funding and the  
support of state government.

March 15, 1991

S.B. 411 Fritz - Tourism Coalition

Senate Taxation Committee

Sen Mike Halligan Chairman

8:00 am Rm 325

- Introduction - Mr. Tourism Coalition - Oppose S.B. 411
- Membership of Coalition
- Purpose of Coalition
  - Education
  - Protect the accommodations tax
- Why S.B. 411? Last session I would have been on other side.
  - intended usage - Installation or maintenance of roadside historical signs. Has this purpose been accomplished. No. 15-65-121 MCA
  - is the proposed purpose a higher purpose? If they can't find them I doubt that their enjoyment can be enhanced.
- Reason for S.B. 411
  - Expenditures outside of statute
  - Audit exception
  - History of Capital tours
  - 1/2 of funds diverted
  - Violate statute so change statute
  - Appropriate response to exception of Audit.
  - Never in 25 years allow that response.

March 14, 1991

## TESTIMONY

### SENATE BILL 411

**CONTACT: LARRY McRAE, CHAIRMAN, TOURISM ADVISORY COUNCIL**

**755-6100**

I am the chairman of the Tourism Advisory Council, which oversees the states travel promotion efforts, as well as the budgets and marketing efforts of the six tourism regions and eight convention visitors bureaus. We also direct the university system regarding Montana travel research and approve all programs prior to their being undertaken. I wish to testify against Senate Bill 411.

The Montana Historical Society has received 1% of the accomodations tax collected in Montana since the tax was initiated on July 1, 1987. The funds were earmarked by legislation for the purpose of installation or maintenance of roadside historical signs. In 1989, the 51st. Legislature further mandated that signs were to be erected and maintained for Native American highway markers in addition to the societies responsibilities for historical signs.

In the fiscal years 1987/88 the historical society received \$33,471 from bed tax collections, in 88/89 they received \$50,032 and in 89/90 they received \$55,044, a total of \$138,547. It is anticipated that they will receive about \$58,000 in FY90/91.

The Tourism Advisory Council realizes the importance of the historical and cultural heritage of our state, and invited Mr. Sommer to our last meeting to inform us of the progress of the signage program. We were quite surprised to hear that only \$19,000 had been spent on signs this fiscal year, and even more surprised to hear that another \$19,000 had been spent on the Capitol Tour program. We do not know where the other \$20,000 is being used. We later learned of the intent to draft legislation to liberalize the use of the bed tax funds.

While Capitol tours are of importance, the resulting economic benefits are derived by only one community. On the other hand, if the tax funds were used for which they were intended, ie. historical and Native American markers and signs, the entire state benefits. Resident and non-resident visitors alike would be informed about the heritage and history of each region of our state, encouraging longer visits to areas of importance.

SENATE TAXATION

EXHIBIT NO. 4

DATE 3/15/91

BILL NO. SB 411

Page Two  
SB411

MCA 15-65-122, paragraph 3 states that a maximum of 20% of the funds received by regional and convention/visitors bureaus non profit organizations can be used for administrative purposes. This was mandated by the 50th Legislature to assure that needless administrative expenses were not incurred. The TAC has been very careful to follow that guideline in the past four years. We have turned down many requests for funding of local attractions. Tour guides would be considered administrative expenses under our interpretation of the law.

We believe that funding for Capitol Tours is in violation of MCA 15-65-121, which states that funding is to be used for the installation and maintenance of historical signs.

This bill would allow a quick fix to a budgeting problem. The Council feels it is extremely important to use the funds for which they were originally intended, historical and Native American signs and markers. We urge you to give this bill a do not pass recommendation.

15 March 1991

PROPOSED AMENDMENTS TO SB 396 (SEN. ECK)  
 To: Senate Taxation Committee  
 By: Children's Trust Fund board of directors

Page 1, line 6: after "TAX", add: "ESTABLISHING A NONEXPENDABLE CHILDREN'S TRUST FUND MANAGED BY THE BOARD OF INVESTMENTS; PROVIDING FOR APPROPRIATION OF THE INTEREST AND INCOME FROM THE CHILDREN'S TRUST FUND TO THE STATE CHILD ABUSE PREVENTION PROGRAM;"

Page 1, line 8: after "FUND," delete "ACCOUNT"

Page 1, line 8: after ";", add: "AMENDING SECTIONS 15-30-155, 15-30-157, AND 25-1-201;"

Page 3, line 6: after "fund", delete "account"

Page 3, line 18: delete "account"  
 after "established in", add: "[section 8]"

Page 5, after line 25: add:

NEW SECTION. Section 8. Children's trust fund. (1) There is a children's trust fund in the nonexpendable trust fund type to be managed as provided in [this section].

(2) After deduction of reasonable expenses by the department of revenue to administer [this act], 15-30-155, 15-30-156, AND 15-30-157, the following money shall be deposited in the children's trust fund:

(a) videotape rental tax receipts as provided in [section 4];

(b) income tax contributions as provided in 15-30-155, 15-30-156, and 15-30-157;

(c) dissolution of marriage fees as provided in 25-1-201(4);

(d) money appropriated under [subsection 4] to the children's trust fund account provided in 41-3-702 which remains unallocated and unexpended as of the final day of each odd-numbered fiscal year; and

(e) other monies specifically appropriated, granted, donated, or otherwise provided for deposit in the children's trust fund.

(3) The children's trust fund shall be managed by the board of investments for the benefit of the child abuse and neglect prevention program provided in 41-3-702.

(4) The interest and income from the children's trust fund is available for appropriation to the children's trust fund account established in 41-3-702 for use only as provided in title 41, chapter 7. Not more than 15 percent of the money appropriated to the children's trust fund account may be used for administration by the children's trust fund board and the department of family services under 2-15-121 and 41-3-704.

Section 9. Section 15-30-155 is amended to read:

"15-30-155...

(3) Money received under this section must be deposited in the children's trust fund ~~account created under 41-3-702~~ established in [section 8] ~~after the~~

~~department of revenue has deducted the amount necessary for the department to administer this section."~~

Section 10. Section 15-30-157 is amended to read:

"15-30-157. Deposit of deductible contributions. (1) All money received under 15-30-156 must be deposited in the children's trust fund account established in ~~41-3-702~~ [section 8].

(2) The department of revenue shall immediately forward for deposit in the children's trust fund account all checks and other orders of payment made as contributions under 15-30-156..."

Section 11. Section 25-1-201 is amended to read:

"25-1-201..."

(4) Of the fee for filing for dissolution of marriage or legal separation, \$40 must be deposited in the state general fund, \$35 must be remitted to the state to be deposited as provided in 19-5-404, \$5 must be deposited in the children's trust fund account established by ~~41-3-702~~ in [section 8], and..."

(renumber subsequent sections)

Page 6, line 5: after "Effective", delete "date", add "dates -- expiration date --"

Page 6, line 6: after "applicability.", add "(1)"

Page 6, line 6: after "[", delete "This act", add "Sections 1 through 7, section 12, and section 13"

Page 6, line 6: after "]", delete "is", add "are"

Page 6, line 7: after "and", delete "applies", add "apply"

Page 6, line 9: after "agent.", add "(2) [Subsections 8(1), 8(2)(a), 8(2)(e), 8(3), and 8(4)] are effective on passage and approval.

(3) [Subsections 8(2)(b), 8(2)(c), and 8(2)(d), and sections 9, 10, and 11] are effective July 1, 1992.

(4) [Sections 1 through 7, section 12, section 13, and subsection 8(2)(a)] expire July 1, 1995."



# Montana Children's Trust Fund

P.O. Box 5930  
Helena, Montana 59604

SENATE TAXATION 50  
EXHIBIT NO. \_\_\_\_\_  
DATE 3/15/91  
BILL NO. SB 396

TO: Senate Taxation Committee  
FROM: Montana Children's Trust Fund  
Board of directors  
RE: Testimony in support of SB 396

15 March 1991

## Board of Directors

Darlene Downen,  
Kalispell

Gail Flack,  
Hardin

Richard Kerstein,  
Billings

Randy Koutnik,  
Helena

Mike Males,  
Bozeman

Karen Ortman,  
Glasgow

Gaylord Walls,  
Havre

Senate Bill 396 proposes a 5% tax on video rentals to provide approximately \$700,000 per year to prevent child abuse and neglect. The Children's Trust Fund board of directors -- consisting of seven members from all regions of the state, appointed by the governor -- supports SB 396 and asks your approval of amendments we believe make the bill more far-reaching in effect and less of a taxation impact on businesses..

**Proposed amendments.** As written, SB 396 would increase the CTF budget 14-fold in one year, from our current \$50,000 now provided by the income tax check-off, divorce fees, and small grants and donations. The CTF board believes the best use of money raised by SB 396 is to establish what 1985 legislative creators intended -- a permanent, non-expendable "children's trust fund" -- while limiting the video rental tax to four years. This would provide a stable, long-term, gradually increasing income earned by management of the fund by the Board of Investments.

The amendments we propose would deposit all video tax rental receipts from SB 396, and all divorce and income tax checkoff receipts after June 1992, into a nonexpendable trust fund. Our revised fiscal note is attached showing the results of this trust fund proposal. By July 1995, the trust fund would accumulate to approximately \$2.6 million, which the Board of Investments estimates would yield 9-11% in stable, long-term annual income. At this point, the video tax would expire and the trust fund would be "capped" for all but continued deposits of income tax checkoff, divorce fee, and other specified receipts. The remainder of our testimony assumes these amendments prove are adopted into SB 396.

**The need for SB 396.** Child abuse and neglect prevention is one of the most drastically underfunded priorities in Montana today. Substantiated cases of child abuse and neglect have risen 33% in five years, from 3,734 in 1986 to 4,972 in 1990. Montana's rate of child abuse and neglect (1 in every 18 children reported annually) is 40% above the national average (1 in 26). One in every seven homicides, one in every four injurious assaults, and 40% of all sexual offenses committed in Montana are against children. The more than 4,000 confirmed child abuse and neglect victims in Montana -- and the unknown additional number not reported -- every year represent the population at risk to become the violent, suicidal, alcoholic and drug-addicted, delinquent, and otherwise troubled adolescents and adults of the near future.

Working Together to Prevent Child Abuse

Montana spends more than \$20 million annually on psychiatric and foster care services for abused and neglected children. This does not include investigation, nor other social costs of abuse such as delinquency, incarceration, early pregnancy, and hospitalization -- or the abused becoming future abusers. At a minimum, the state spends \$5,000 every year for each confirmed child abuse/neglect victim. In contrast, the CTF has only \$50,000 to grant every year to local programs and agencies developing promising methods of identifying high-risk families and preventing child abuse/neglect before it occurs. Research findings showing successful approaches to prevent child abuse/neglect are listed in the March 1990, "Planning for Strength in Montana Families" report by the Montana Child Abuse Prevention Planning Project. These approaches require intensive intervention, and they require stable funding.

We believe that despite lack of money, a number of worthwhile programs have benefitted from the \$250,000 cumulative grants since 1985. But current CTF funding is not only far short of the resources effective prevention requires, it suffers from woefully inefficient economy of scale. At present, state agencies spend some \$17,000 to collect revenues and administer the \$50,000 Children's Trust Fund, an amount equal to one-third of the funds ultimately granted. The CTF board and the Department of Family Services alone now incur administrative costs equal to 25% of the money granted. Currently, DFS absorbs its share of the cost, and expenses for seven volunteer board members from widely-dispersed areas of the state (\$350 each per year) are minimal. These expenses are already fixed at a low level and cannot be cut.

Nor can current funding be increased. The CTF board spent a great deal of effort in 1990 attempting to increase income tax check-off revenues with little result. Our current 2,500 donors (the largest of any tax check-off) are apparently all who are willing to give voluntarily. We can't very well promote more divorces as a means of raising fee revenue. Obtaining grant money requires time and effort beyond the capacity of the current board members, each of whom already donate 10-12 working days per year to administer the fund. We are increasingly frustrated with this situation, as are many of our 20 grantees per year who must spend a great deal of time preparing and reporting on grant applications to receive the paltry amount we are able to provide. At present, even after narrowing our application process considerably, we receive application for three times more funding than we can provide. It is time to decide whether Montana will invest in an effective child abuse prevention policy -- and whether, in fact, we can afford not to.

SB 396 would, over a five-year period, increase child abuse/neglect grant funding money available from approximately \$46,000 to \$236,000 per year. Due to efficiencies of scale, administrative costs would drop from 25% of the fund to 10%. Both board and staff would be able to re-direct our attention away from time-consuming fundraising efforts and toward better grant evaluation and service. A stable flow of income provided by a permanent trust fund would stabilize our grantees' finances as well. The amendments propose to delete all CTF costs now provided by the general fund, around \$14,500 per year, and make the fund completely self-sufficient with a part-time administrator/clerical staff funded by CTF revenues rather than a donated cost item by DFS.

SB 396 would also subject the CTF board to greater legislative scrutiny. The income and interest from the trust fund would be available for legislative appropriation, and the amount appropriated would have to be

justified by the CTF board to the legislature biannually, as would staff and administrative expense. SB 396 would limit administrative costs to 15% of the amount appropriated. Money appropriated but not allocated or spent at the end of each odd-numbered fiscal year would revert to the nonexpendable trust fund. The fund itself would be managed by the Board of Investments for income, as are other state funds.

**The video rental tax.** The 5% tax on video rental fees proposed by SB 396 is, as opponents justifiably will contend, a tax whose source has no relation to the problem being addressed. Videos do not cause child abuse. SB 396 proposes a selective, temporary tax on a non-essential service to fund a critical, underfunded state need.

Ideally, taxes should flow from those whose behavior causes the problem. In practice, this is rarely the case. People who drink beer and wine are taxed to fund general government and reduce the national debt, even though they did not singly cause such deficits. Montana smokers are not solely responsible for the need for state buildings they finance at \$12 million per year. Montana non-smokers contribute at least \$40 million annually for publicly-funded Medicaid payments for tobacco-related disease hospitalizations they did not cause. State lottery players do not, by themselves, create the need school equalization so funded. The state general fund reaps revenues from dozens of selective taxes on every commodity from electricity to public contractors. In 1989, the Legislature increased the cigarette tax temporarily to provide \$2.8 million to build a new veterans' home. SB 396 asks a similar temporary tax for children.

Videos remain an untaxed luxury item rented by a large majority of Montana's families in a given year, so the tax is more general, and thus more fair, than the selective tax levied on (say) tramway customers. It is further a better alternative than taxing essential items via increased income or property taxes or requesting general fund revenues. The tax we propose is temporary in its bite and permanent in its benefit. We are not aware of any fairer, better revenue alternative than SB 396 to propose to you.

SB 396 provides Montana's first opportunity for a serious effort at prevention of child abuse and neglect on a permanent basis and, secondarily, efficient use of staff, board, and grantee time. We have tried to build in accountability commensurate with the funding request. The CTF board would appreciate your favorable action on SB 396, your suggestions for amendment to correct any problems, and your suggestions for further amendment to correct any other problems. Thank you.

PROPOSED AMENDMENTS TO SB 396 (SEN. ECK)  
To: Senate Taxation Committee  
By: Children's Trust Fund board of directors

15 March 1991

Page 1, line 6: after "TAX", add: "ESTABLISHING A NONEXPENDABLE CHILDREN'S TRUST FUND MANAGED BY THE BOARD OF INVESTMENTS; PROVIDING FOR APPROPRIATION OF THE INTEREST AND INCOME FROM THE CHILDREN'S TRUST FUND TO THE STATE CHILD ABUSE PREVENTION PROGRAM;"

Page 1, line 8: after "FUND," delete "ACCOUNT"

Page 1, line 8: after ";", add: "AMENDING SECTIONS 15-30-155, 15-30-157, AND 25-1-201;"

Page 3, line 6: after "fund", delete "account"

Page 3, line 18: delete "account"  
after "established in", add: "[section 8]"

Page 5, after line 25: add:

"NEW SECTION. Section 8. Children's trust fund. (1) There is a children's trust fund in the nonexpendable trust fund type to be managed as provided in [this section].

(2) After deduction of reasonable expenses by the department of revenue to administer [this act], 15-30-155, 15-30-156, AND 15-30-157, the following money shall be deposited in the children's trust fund:

(a) videotape rental tax receipts as provided in [section 4];

(b) income tax contributions as provided in 15-30-155, 15-30-156, and 15-30-157;

(c) dissolution of marriage fees as provided in 25-1-201(4);

(d) money appropriated under [subsection 4] to the children's trust fund account provided in 41-3-702 which remains unallocated and unexpended as of the final day of each odd-numbered fiscal year; and

(e) other monies specifically appropriated, granted, donated, or otherwise provided for deposit in the children's trust fund.

(3) The children's trust fund shall be managed by the board of investments for the benefit of the child abuse and neglect prevention program provided in 41-3-702.

(4) The interest and income from the children's trust fund is available for appropriation to the children's trust fund account established in 41-3-702 for use only as provided in title 41, chapter 7. Not more than 15 percent of the money appropriated to the children's trust fund account may be used for administration by the children's trust fund board and the department of family services under 2-15-121 and 41-3-704.

Section 9. Section 15-30-155 is amended to read:

"15-30-155...

(3) Money received under this section must be deposited in the children's trust fund ~~account created under 41-3-702~~ established in [section 8] ~~after the~~

~~department of revenue has deducted the amount necessary for the department to administer this section."~~

Section 10. Section 15-30-157 is amended to read:

"15-30-157. Deposit of deductible contributions. (1) All money received under 15-30-156 must be deposited in the children's trust fund account established in ~~41-3-702~~ [section 8].

(2) The department of revenue shall immediately forward for deposit in the children's trust fund account all checks and other orders of payment made as contributions under 15-30-156..."

Section 11. Section 25-1-201 is amended to read:

"25-1-201..."

(4) Of the fee for filing for dissolution of marriage or legal separation, \$40 must be deposited in the state general fund, \$35 must be remitted to the state to be deposited as provided in 19-5-404, \$5 must be deposited in the children's trust fund account established by ~~41-3-702~~ in [section 8], and..."

(renumber subsequent sections)

Page 6, line 5: after "Effective", delete "date", add "dates -- expiration date --"

Page 6, line 6: after "applicability.", add "(1)"

Page 6, line 6: after "[", delete "This act", add "Sections 1 through 7, section 12, and section 13"

Page 6, line 6: after "]", delete "is", add "are"

Page 6, line 7: after "and", delete "applies", add "apply"

Page 6, line 9: after "agent.", add "(2) [Subsections 8(1), 8(2)(a), 8(2)(e), 8(3), and 8(4)] are effective on passage and approval.

(3) [Subsections 8(2)(b), 8(2)(c), and 8(2)(d), and sections 9, 10, and 11] are effective July 1, 1992.

(4) [Sections 1 through 7, section 12, section 13, and subsection 8(2)(a)] expire July 1, 1995."

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0396, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act imposing a tax on the rental of a videotape, establishing the rate of tax at 5 percent, providing penalties for failure to pay the tax, and requiring that receipts from the tax and penalties and interest be deposited in the children's trust fund account.

ASSUMPTIONS:

Department of Revenue:

1. Gross receipts from Montana video tape rental establishments that had a payroll were \$11,099,000 in calendar year (CY) 1987 (1987 Census of Service Industries, U.S. Bureau of the Census).
2. Gross receipts are minimal for Montana video tape rental establishments that do not have a payroll (i.e., do not employ even a part-time person).
3. For revenue estimating purposes, all video tape rentals are assumed to be through establishments whose primary activity is the rental of video tapes, i.e., rental receipts from gas stations, grocery stores, etc. are assumed to be minimal. The resulting revenue estimate is more conservative because of this assumption.
4. Video tape rental receipts will increase at the same rate of increase as for the Consumers' Price Index (CPI) for calendar years 1988 through 1993, namely 4.13%, 4.73%, 5.40%, 5.05%, 4.22%, and 5.59% respectively.
5. The estimated video tape rental receipts are \$13,401,934 for CY 1991, \$13,967,496 for CY 1992, and \$14,748,279 for CY 1993.
6. Since the proposed tax applies to receipts received on or after July 1, 1991, and since quarterly submission of tax collections would be within 30 days following the end of a quarter, then the last two quarters receipts for CY 1991 and the first quarter CY 1992 would be received in FY92 and the remaining three quarters of tax receipts for CY 1992 plus the first quarter for CY 1993 would be received in FY93.
7. The proposed legislation specifies a 5% tax rate on video tape receipts.
8. No penalties and interest are collected in FY92 and FY93.
9. Per the proposed legislation, all tax receipts would be deposited in the children's trust fund account of the state special revenue fund.
10. In FY92, 1.05 FTE staff would be required during the development stage; for FY93 and beyond, 0.25 FTE will be needed. portion of the FY92 costs would need to be allocated to FY91 for start-up in order to be ready to begin processing tax receipts in October 1991 from the first quarter of FY92.
11. General fund will be used for administrative costs because the bill makes no other provisions.  
Department of Family Services:
12. Administrative costs will be 7.5%. Remaining increases in the children's trust fund will be available for grants.
13. The FY91 projected trust fund balance of \$50,000 will be spent down under the current level recommendation.
14. Current law figures in the DFS portion of this fiscal note reflect the executive budget recommendation.

FISCAL IMPACT:

see next page

 2-21-91

ROD SUNDSTED, BUDGET DIRECTOR

Office of Budget and Program Planning

DATE

DOROTHY ECK, PRIMARY SPONSOR

DATE

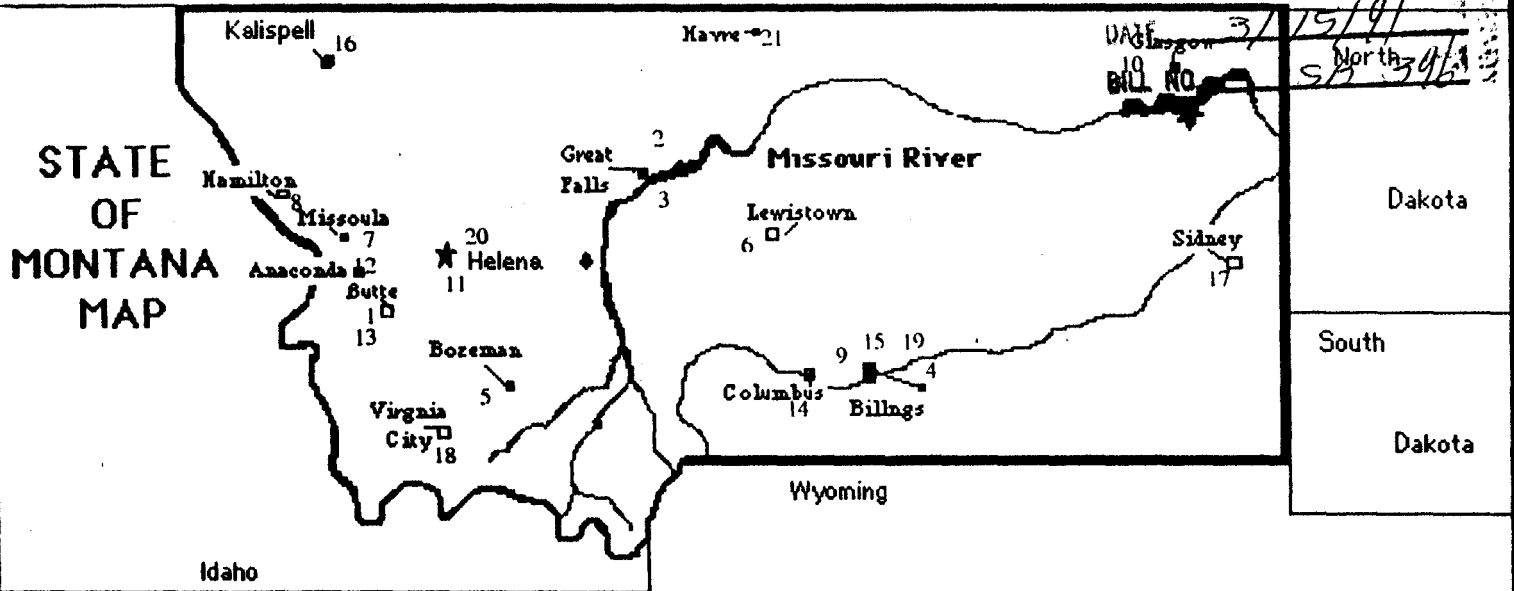
Fiscal Note for SB0396, as introduced

SB 396

REVISED FISCAL NOTE, SB 396 (WITH TRUST FUND BOARD AMENDMENTS)

	FY 1991	1992	1993	1994	1995	1996 ->
<u>Revenues:</u>	<u>current</u>	<u>under SB 396</u>				<u>equilibrium</u>
Current law	61,420	61,420	61,420	61,420	61,420	61,420
SB 396	0	446,794	631,794	663,384	696,553	0
Total	61,420	508,214	693,214	724,804	757,973	61,420
<u>Expenses:</u>	<u>current</u>	<u>under SB 396</u>				<u>equilibrium</u>
D.O.R.	(4,606)	41,428	6,868	7,211	7,572	4,607
D.F.S.	(9,903)	0	0	0	0	0
Total	(14,509)	41,428	6,868	7,211	7,572	4,607
G.F. impact	(14,509)	0	0	0	0	0
-						
Deposit in						
CT fund	0	405,366	686,346	717,593	750,401	56,813
Cumulative	0	405,366	1,091,712	1,809,305	2,559,706	2,616,519
-						
Available to						
CTF account	49,420	101,957	109,171	180,931	255,971	261,652
-						
CTF board						
expenses	2,500	2,625	2,756	2,894	3,039	3,191
DFS or staff						
expenses	0	8,794	9,416	15,605	22,077	22,567
Tot adm. exp.	2,500	11,419	12,172	18,499	25,116	25,756
-						
Available to						
grant	46,920	90,538	96,999	162,432	230,855	235,894
-						
Administrative cost						
to DFS and CTF as a						
pct. of account	25.1%	11.2%	11.1%	10.2%	9.8%	9.8%

Assume: (1) 5% annual inflation in expenses after FY 1992  
(2) 10% interest and income annually from nonexpendable trust fund  
(3) CTF contract with DFS for clerical services after FY 1991



# MONTANA CHILDREN'S TRUST FUND

FY91 CONTRACT PERIOD

7/1/90 through 6/30/91

- |  |  |
|--|--|
| <p>1 Ann Courtney, Exec Director 91-026-8000 \$ 500.<br/>P.O. Box 62, Butte, MT 59703 - Big Brothers &amp; Sister of Butte</p> <p>2 Mary Ellen Bindel, Director 91-026-8001 \$1,000.<br/>P.O. Box 6814, Great Falls, MT 59406 - Cascade County Child Abuse Prevention</p> <p>3 Rich Kuka, Director 91-026-8002 \$4,000.<br/>416 - 23rd St. North, Great Falls, MT 59401 - St. Thomas Child &amp; Family Center</p> <p>4 Sheryll Hoffarth, Director 91-026-8003 \$1,400.<br/>P.O. Box 30875, Billings, MT 59107 - Women's Life Skills Center</p> <p>5 Deborah Neuman, Director 91-026-8004 \$2,500.<br/>P.O. Box 4325, Bozeman, MT 59772 - Prevent Child Abuse, Inc.</p> <p>6 Joe Cahill, Director 91-026-8005 \$3,800. Suite 201, 300 1st Ave. N, Lewistown, MT 59457 - Fergus Co. Child Protection Team</p> <p>7 Stacy Sanders, Director 91-026-8006 \$3,486.<br/>1130 West Broadway, Missoula, MT 59802 - YWCA</p> <p>8 Ivy Stirling, County Agent 91-026-8007 \$1,000.<br/>Courthouse Box 5009, Hamilton, MT 59840 - MSU Ext. Service - Ravalli County</p> <p>9 Carol Blank, Coordinator Community Caring 91-026-8008 \$4,000. P.O. Box 20277, Billings, MT 59104 - NCPA</p> <p>10 Sharon LaBonty/Mark Schultz 91-026-8009 \$4,500. P.O. Box 973, Glasgow, MT 59230 - Fort Peck Arts Council, Inc.</p> <p>11 Mary Lou Fisher, President/Lenore F. Taliaferro, Coord. 91-026-8010 \$2,100. 1026 - 9th Ave., Helena, MT 59601 - First Steps</p> | <p>12 Donna Thompson, Director 91-026-8011 \$3,440.400<br/>Main #3, Anaconda, MT 59711 - Anaconda/Deer Lodge PCA, Inc.</p> <p>13 Barbara Mahugh, Director 91-026-8012 \$3,500.405 West Park, Butte, MT 59701 - Butte Four C's</p> <p>14 Karen Tyra, Co. Ext. Agent 91-026-8013 \$2,500.<br/>P.O. Box 897, Columbus, MT 59019 Stillwater Co. Ext. Office</p> <p>15 Judy Bryngleson, Exec. Director 91-026-8014 \$2,500.<br/>P.O. Box 2056, Billings, MT 59103 - Yellowstone Co Head Start, Inc.</p> <p>16 Patti Behnen-Coats, Exec. Director 91-026-8015 \$4,250.<br/>P.O. Box 246, Kalispell, MT 59903 - Child Abuse Prevention Council</p> <p>17 Shery Viall, Director 91-026-8016 \$1,000.<br/>101 - 8th Ave. S.W., Sidney, MT 59270 - Richland Co Foster Parents Association</p> <p>18 Loren Tucker, Director 91-026-8017 \$ 622.<br/>P.O. Box 36, Virginia City, MT 59755 - Madison Co Child Protection Team</p> <p>19 Chris Guttormsen, Director 91-026-8018 \$2,500.<br/>P.O. Box 1235, Billings, MT 59103 - Young Families Program</p> <p>20 Elizabeth Roeth, Exec Director 91-026-8019 \$2,500.<br/>P.O. Box 876, Helena, MT 59624 - Health Mothers, Healthy Babies</p> <p>21 Renee Ratliff, Director 91-026-8020 \$2,409. Box 1509, Havre, MT 59501 - The Haven</p> |
|--|--|

**TOTAL \$52,485.00**



**INCREASES IN THE NUMBER OF CHILDREN INVOLVED IN INVESTIGATIONS OF CHILD ABUSE AND NEGLECT**

**MONTANA DEPARTMENT OF FAMILY SERVICES: FISCAL YEARS 1985 - 1990**

	[ A ] NUMBER OF CHILDREN INVOLVED IN CA/N INVESTIGATIONS	[B] INCREASE	[C] PERCENT OF INCREASE
	-----	-----	-----
STATE FY 85: ...	7,328	--	--
STATE FY 86: ...	8,081	753	10.3%
STATE FY 87: ...	8,300	292	3.6%
STATE FY 88: ...	8,884	584	7.0%
STATE FY 89: ...	9,274	390	4.4%
STATE FY 90: ...	10,256	982	10.6%

**AVERAGE YEARLY INCREASE, SFY85-SFY90: 7.2%**

**\* Data Source:**

Year-end reports from the DFS Protective Services Information System (PSIS), including the 10/31/90 SFY90 year-end report, TXXCC5505.4/R728349A.

\* Prepared 11/7/90: Frank Kromkowski, DFS Planning and Evaluation Bureau

CHILD ABUSE AND NEGLECT [CA/N] INVESTIGATIONS COMPLETED BY THE MONTANA DEPARTMENT OF FAMILY SERVICES: STATE FISCAL YEARS 1985 - 1990

	[ A ] NUMBER OF CHILDREN INVOLVED IN CA/N INVESTIGATIONS	[ B ] TOTAL NUMBER OF CA/N INCIDENTS ALLEGED	[ C ] TOTAL NUMBER OF CA/N INCIDENTS SUBSTANTIATED	[ D ] SUBSTANTIATED SEX ABUSE AS PERCENT OF TOTAL [in C]	[ E ] SUBSTANTIATED PHYS/EMO ABUSE AS PERCENT OF TOTAL [in C]	[ F ] SUBSTANTIATED NEGLECT AS PERCENT OF TOTAL [in C]	[ G ] SEXUAL ABUSE INCIDENTS ALLEGED	[ H ] SEXUAL ABUSE INCIDENTS SUBSTANTIATED	[ I ] PERCENT OF SEXUAL ABUSE CLAIMS SUBSTANTIATED
STATE FY 85: ...	7,328	8,708	3,610	16.3%	32.9%	50.8%	1,305	589	45.1%
STATE FY 86: ...	8,081	9,572	3,734	16.6%	31.8%	51.6%	1,346	620	46.1%
STATE FY 87: ...	8,300	10,135	4,099	14.8%	36.5%	48.7%	1,376	608	44.2%
STATE FY 88: ...	8,884	10,854	4,639	12.8%	36.2%	51.1%	1,392	593	42.6%
STATE FY 89: ...	9,274	11,272	4,762	14.1%	34.1%	51.8%	1,495	672	44.9%
TOTAL, SFY90:....	10,256	12,532	4,972	14.3%	33.3%	52.4%	1,619	709	43.8%

	[ J ] PHYSICAL OR EMOTIONAL ABUSE INCIDENTS ALLEGED	[ K ] PHYSICAL OR EMOTIONAL ABUSE INCIDENTS SUBSTANTIATED	[ L ] PERCENT OF PHYS OR EMO ABUSE CLAIMS SUBSTANTIATED	[ M ] NEGLECT INCIDENTS ALLEGED	[ N ] NEGLECT INCIDENTS SUBSTANTIATED	[ O ] PERCENT OF NEGLECT ALLEGATIONS SUBSTANTIATED	[ P ] CA/N-RELATED FATALITIES REPORTED	[ Q ] COMPLETED CA/N INVESTIGATIONS REPORTED TO THE PSIS SYSTEM
STATE FY 85: ...	2,885	1,187	41.1%	4,518	1,834	40.6%	2	6,361
STATE FY 86: ...	3,043	1,187	39.0%	5,183	1,927	37.2%	3	7,036
STATE FY 87: ...	3,520	1,495	42.5%	5,239	1,996	38.1%	7	6,083
STATE FY 88: ...	3,756	1,677	44.6%	5,706	2,369	41.5%	2	6,008
STATE FY 89: ...	3,828	1,622	42.4%	5,949	2,468	41.5%	4	6,253
TOTAL, SFY90:....	4,178	1,658	39.7%	6,735	2,607	38.7%	7	6,852

Estimated number of children in CA/N investigations with substantiated incidents of abuse and/or neglect during FY90: 4,212

Data Source: For SFY85 through SFY90: Year-end reports from the DFS Protective Services Information System (PSIS).  
For SFY90 statistics concerning children in investigations with substantiated CA/N incidents: DFS HBI00 research regarding PSIS monthly reports.

Prepared 11/7/90: Montana Department of Family Services, Planning and Evaluation Bureau. Call 444-5911 for additional information.

MAJOR TRENDS IN MONTANA CA/N INVESTIGATIONS, FY1982-FY1990:

♦ The number of children involved in CA/N investigations (substantiated or unsubstantiated) during FY90 was 10,256.

FY90's total was:

- ... 11% more than FY89 (9,274)
- ... 15% more than FY88 (8,884)
- ... 24% more than FY87 (8,300)
- ... 27% more than FY86 (8,081)
- ... 40% more than FY85 (7,328)
- ... 75% more than FY84 (5,877)
- ... 104% more than FY83 (5,017)
- ... 132% more than FY82 (4,426)

♦ The total number of CA/N allegations that had to be investigated in FY90 was 12,532.

FY 90's total was:

- ... 11% more than FY89 (11,272)
- ... 16% more than FY88 (10,854)
- ... 24% more than FY87 (10,135)
- ... 31% more than FY86 (9,572)
- ... 44% more than FY85 (8,708)

♦ The total number of substantiated CA/N incidents in FY90 was 4,972.

FY90's total was:

- ... 4% more than FY89 (4,762)
- ... 7% more than FY88 (4,639)
- ... 21% more than FY87 (4,099)
- ... 33% more than FY86 (3,734)
- ... 38% more than FY85 (3,610)

COMPLETED CA/N INVESTIGATIONS REPORTED TO PSIS: SFY90, BY COUNTY

COUNTY NUMBER	COUNTY NAME	CHILDREN INVOLVED IN INVESTIGATIONS	COMPLETED CA/N INVESTIGATIONS REPORTED TO PSIS	RANKING BY INVESTIGATIONS COMPLETED	RANKING BY # CHILDREN INVOLVED	COUNTY NAME
56	Yellowstone	1673	1170	1	1	Yellowstone
7	Cascade	1115	750	2	2	Cascade
32	Missoula	784	526	3	3	Missoula
25	Lewis & Clark	695	508	4	4	Lewis & Clark
47	Silver Bow	689	434	5	5	Silver Bow
15	Flathead	618	423	6	6	Flathead
24	Lake	388	259	7	7	Lake
16	Gallatin	369	255	8	8	Gallatin
27	Lincoln	331	211	10	9	Lincoln
9	Custer	322	220	9	10	Custer
21	Hill	319	197	11	11	Hill
41	Ravalli	232	154	12	12	Ravalli
12	Deer Lodge	219	147	13	13	Deer Lodge
42	Richland	186	122	14	14	Richland
18	Glacier	163	104	15	15	Glacier
5	Carbon	148	100	17	16	Carbon
2	Bighorn	142	94	18	17	Bighorn
14	Fergus	140	78	21	18	Fergus
53	Valley	139	93	19	19	Valley
45	Sanders	137	101	16	20	Sanders
48	Stillwater	123	78	20	21	Stillwater
3	Blaine	120	75	22	22	Blaine
34	Park	102	71	23	23	Park
11	Dawson	86	60	24	24	Dawson
31	Mineral	76	51	25	25	Mineral
51	Toole	72	46	26	26	Toole
39	Powell	71	46	27	27	Powell
1	Beaverhead	70	38	31	28	Beaverhead
22	Jefferson	69	43	29	29	Jefferson
43	Roosevelt	68	43	28	30	Roosevelt
4	Broadwater	63	38	30	31	Broadwater
50	Teton	57	30	34	32	Teton
37	Pondera	48	28	35	33	Pondera
46	Sheridan	48	22	36	34	Sheridan
13	Fallon	43	32	33	35	Fallon
36	Phillips	41	32	32	36	Phillips
8	Chouteau	41	22	38	37	Chouteau
20	Granite	36	22	37	38	Granite
33	Musselshell	35	20	39	39	Musselshell
17	Garfield	32	14	41	40	Garfield
28	Madison	22	18	40	41	Madison
10	Daniels	18	10	45	42	Daniels
6	Carter	17	13	42	43	Carter
26	Liberty	17	11	43	44	Liberty
49	Sweetgrass	17	10	44	45	Sweetgrass
19	Golden Valley	12	4	50	46	Golden Valley
55	Wibaux	8	7	46	47	Wibaux
40	Prairie	7	5	47	48	Prairie
54	Wheatland	7	4	48	49	Wheatland
29	McCone	7	3	51	50	McCone
38	Powder River	6	4	49	51	Powder River
35	Petroleum	4	2	53	52	Petroleum
44	Rosebud	2	2	52	53	Rosebud
23	Judith Basin	2	2	54	54	Judith Basin
52	Treasure	0	0	55	55	Treasure
30	Meagher	0	0	56	56	Meagher
TOTAL:		10,256	6,852			

Prepared 12/21/90: Planning and Evaluation Bureau, Montana Department of Family Services. Questions: 444-5911

Data Source: PSIS (Protective Services Information System), SFY90 Year-End Report (R728349A -- 10/31/90)

# MONTANA CHILDREN'S TRUST FUND

## FUNDS/EXPENDITURES FOR 1990

**June 7, 1990**

Listed below is the year to date financial activity for State Fiscal Year 1990 for the Children's Trust Board Fund as recorded on the State Budget and Accounting System (SBAS)

**6/30/90  
Year End**

### **Cash in Treasury:**

Source: On-line Cash Position Log, A/E 2089 \$96,686.

### **Revenue:**

Source SBAS, SFY 632 Report	
Income Tax Check-offs and Contributions	\$ 21,703.
District Court Divorce Fees	21,086.
Federal Challenge Grant	6,631.
<b>TOTAL SFY May 1990</b>	<b>49,420.</b>

### **Expenditures:**

Source: SBAS SFY 662 Report, CTR. 2008	
Operating Expenses	5,120.
Contracts	61,126.
<b>TOTAL as of May 1990</b>	<b>66,246.</b>

### **Contract Balances:**

Source: Central Office Contract Sheet		
Current Amount Contracted	\$51,301.00	
Paid on Contracts	27,993.02	
Unpaid contract balances		\$23,367.88

# MONTANA CHILDREN'S TRUST FUND

## BUDGETARY REPORT

**FY 91 CTF as of 1/13/91.**

### REVENUES:

Income Tax Check-off	\$ 5,135.00
District Court Divorces	7,761.00
1990 Challenge Grant	<u>5,069.00</u>
	<b>\$17,965.00</b>

### EXPENDITURES:

Operating	\$ 646.00
Contracts	<u>29,216.00</u>
	<b>\$29,862.00</b>

# CHILD ABUSE AND NEGLECT

SENATE  
TAXATION

EXHIBIT NO. 50  
DATE 3/15/91  
BILL NO. SB 396

## WHAT ARE THE EFFECTS OF CHILD ABUSE AND NEGLECT

(Following excerpts taken from CHILD PROTECTION REFERENCE BOOK, United States Department of the Interior, Bureau of Indian Affairs, Sept. 90)

**Child abuse and neglect** can and in many cases does result in permanent and serious damage to the physical, emotional and psychological development of the child. The physical effects of child abuse and neglect may and many cases include damage to the the child mental and physical capabilities. These injuries result in mental retardation and can result in death to the child.

**Child abuse and neglect** are often as damaging emotionally as they are physically. Abused or neglected children may be impaired in self concept, ego competency, reality testing, defensive functioning, and overall thought processes. They often have a higher level of aggression and anxiety, low impulse control, and can be self-destructive. These characteristics generally result in abused or neglected children displaying high levels of antisocial behavior as they get older.

**Abuse and neglect** may also cause restricted cognitive development. language, perceptual, and motor skills are often underdeveloped, further hindering a child's chances to succeed.

TYPES OF CHILD SEXUAL ABUSE			
<b>NON-CONTACT</b> Does not involve touching	<ul style="list-style-type: none"> <li>• Obscene calls</li> <li>• Jokes</li> <li>• Peeping</li> <li>• Sexual propositions</li> <li>• Child pornography</li> <li>• Forcing child to watch sexual act or sexual violence</li> </ul>		
<b>CONTACT:</b> Involves some kind of touching	<td style="text-align: center;"><b>MANIPULATIVE</b> Touching which appears non-hostile and which has been psychologically, rather than forcefully, imposed on child</td> <td> <ul style="list-style-type: none"> <li>• Unwanted hugs, kisses</li> <li>• Unwanted pinching, tickling</li> <li>• French kissing</li> <li>• Sexual positions for photos</li> <li>• Handling genitals</li> <li>• Masturbation</li> <li>• Mouth to genital contact</li> </ul> </td>	<b>MANIPULATIVE</b> Touching which appears non-hostile and which has been psychologically, rather than forcefully, imposed on child	<ul style="list-style-type: none"> <li>• Unwanted hugs, kisses</li> <li>• Unwanted pinching, tickling</li> <li>• French kissing</li> <li>• Sexual positions for photos</li> <li>• Handling genitals</li> <li>• Masturbation</li> <li>• Mouth to genital contact</li> </ul>
	<b>AGGRESSIVE</b> Sexual activity in which a child is physically forced to participate	<ul style="list-style-type: none"> <li>• Oral rape</li> <li>• Vaginal rape</li> <li>• Anal rape</li> <li>• Sexual bondage</li> <li>• Sexual maiming</li> </ul>	

Most children who are sexually abused will, over time, experience more than one, and sometimes *all*, types of the abuse shown on the chart. The abuse will often begin with non-contact advances such as those listed in the upper right hand block and progress through the chart to subject the child to behaviors which involve increasingly more contact and greater violation.

## WHAT IMPACT DOES CHILD SEXUAL ABUSE HAVE ON A COMMUNITY?

When children are sexually abused, the community it self suffers. Unrecognized and untreated child victims often grow up to be dysfunctional adults. Unchecked sexual abuse tends to be repeated generations after generation involving more and more people as time goes by.

Sexual abuse victims have poor self-images and low expectations. They are used to being victimized and see victimization as a fact of life. The frame of mind created by sexual abuse perpetuates the existence of alcoholism, drug abuse, unemployment and violence in the community.

## **WHAT CAN A COMMUNITY DO TO STOP THE SEXUAL ABUSE OF CHILDREN?**

1. The community must make a public decision and statement that children have rights, that sexual abuse of children is not acceptable, and that it will not be tolerated.
2. The community must publicly admit that child abuse does exist and can happen to its children. Statements by respected community members, religious leaders providing personal testimony of abuse can be extremely effective in forcing a community to recognize that, yes, it does happen here.
3. An effort to educate adult and child community members about sexual abuse must be undertaken. Posters and educational materials displayed in buildings, spot radio announcements, issuing of Hotline Cards which depicts the hotline phone number and discussion of organization are simple means of informing community members. A personal safety curriculum in schools can effectively reach children.

Children should be taught:

- No one deserves to be abused.
  - Your body is your own: respect it.
  - You can say "NO."
  - Talking about your feelings is important: tell
  - Abuse is not your fault.
  - You will be believed.
  - Help is available: you are not alone.
4. Workable reporting mechanisms must be established. The community should demand that reliable reporting mechanisms be established whereby child sexual abuse will be adequately and fully reported to the appropriate child protection and/or law enforcement agency. The community should monitor this system to assure its proper functioning.
  5. Effective systems must be available for protecting and treating abuse victims. Multiple resources, pooled from different agencies, are almost always required. Coordination is essential.
  6. The community must assume a monitoring role to force accountability. The community, or its monitoring representative, must be aware of what actions professionals should properly take in investigating, prosecuting and treating child abuse cases and must insist that these actions be taken. Adequate training for law enforcement, social services and court personnel should be demanded to assure that personnel are properly equipped to work sensitively and effectively with victims and families.
  7. The community must demand proper prosecution and handling of offenders by the appropriate jurisdiction. The development of an intergovernmental agreement outlining prosecution responsibilities and cooperation should be considered.
  8. The community can provide public support to child victims through acknowledging the child's experience and reinforcing the message that the child is not to blame. Responsibility for the abuse should always be placed on the offender.

## **CHARACTERISTICS PROFILE OF A PEDOPHILE**

- The abuser often does not believe children have rights.
- The abuser often does not work well with parents and/or believes that parents have no right to interfere or intervene in the education or care of their children.
- The abuser often has low self-esteem.



- The abuser often does not have good peer relationships with other adults.
- The abuser often seeks employment related to the care of children with no previous related work experience.
- The abuser lacks insight into his/her own behavior, has poor impulse control, and lacks insight into appropriate boundaries and acceptable behavior between themselves and a child.
- The abuser often is not able to hold a job for very long, because of frequent moves to avoid detection, because of poor impulse control, or because of any of the other behavior factors common among abusers.

These factors do not constitute positive proof that an applicant is an abuser. The factors are only common characteristics found among abusers.

California, New Jersey, North Dakota and Texas are the only states with listing applicable to the prevention of child abuse. Texas has a "The Abuse Hotline."

**FACT: Child abuse is preventable.**

**FACT: Child abuse is a social ill that is an equal opportunist that affects all classes and races.**

**FACT: More than 85% of children identified as sexually abused are abused on a reoccurring basis, by someone known to them.**

**FACT: Prevention costs money.**

**FACT: The costs related to prevention of child abuse and neglect is far less than treatment.**

**FACT: The Montana Children's Trust Fund total funding amounts to the costs of two (2) referrals to a thirty-day treatment center.**

**FACT: The Montana Children's Trust Fund has operated for six (6) years with an annual budget under \$60,000. in its efforts to reduce and/or prevent child abuse and neglect.**

**FACT: The Montana Children's Trust Fund spends less than 0.0952 of its total budget on administrative costs. Budgetary assistance provided by DFS when provided assists in keeping administrative under this figure. \* Administrative costs include, board travel, board per diem: \$24.95 per night (lodging) and \$14.50 per day (meals), postage, paper products, telephone calls, copying/producing, paper clips.**

**FACT: The Montana Children's Trust Fund has approved a By-law that states: The Montana Children's Trust Fund Board administrative costs shall not exceed 15% of its total budget.**

**HYPOTHESIS: An abused child contributes to a dysfunctional child who has the necessary profile to become a dysfunctional adult who can rear dysfunctional children.  
A negative cycle whose economic costs weave its way to the taxpayer]**

#### **WHY IS THE MONTANA CHILDREN'S TRUST FUND SEEKING A REVENUE SOURCE?**

1. Funding sources are stagnant and the problem of "Child Abuse" is not.
2. The organizations and programs that solicit funds from the Montana Children's Trust Fund board are funded at approximately 50% of their requests. Only one organization was funded at the full amount of the request. That program was the "Touch" theatre group that traveled to 9 counties and provided their program to over 1100 youths, not including the schools' staff in the northeastern part of the state.
3. The CTF Board is funding 1/3 of the proposals submitted due to the lack of funds.
- 4.



# Helena Council For Prevention of Child Abuse

P.O. Box 9183 • Helena, Montana 59604

ASSISTANT SECRETARY  
EXHIBIT NO. 6  
DATE 3/15/97  
SB 396

## TESTIMONY ON SB 396 "... LEVY OF 5% TAX ON VIDEO RENTALS" Sponsor-Senator Dorothy Eck

The Helena Council for Prevention of Child Abuse receives \$2,100 from the Children's Trust Fund for a new and innovative program in Montana for child abuse prevention. I am here today as the HCPCA's project coordinator for the First Steps program.

Volunteers of First Steps visit first time new mothers giving birth at St. Peter's Community Hospital here in Helena. The program presently has 16 trained volunteers who provide new mothers with parenting information, a developmental calendar, and other materials on the subject of stress, self esteem, and child abuse. These volunteers maintain contact with the new mothers for up to three months following the birth of the baby. They provide a listening ear, a supportive attitude, and answers to questions about resources available in the community for new parents. Volunteers also focus upon reinforcing confidence and self esteem within the new mothers.

Without support for preventive programs such as First Steps, many children continue to be at high risk for becoming victims. During the first year of operation, First Steps volunteers provided services to 223 first time new mothers. Of this total, 48 new mothers were between the ages of 16-18 years. 6 new mothers are between the ages of 13-15 years--children themselves. Approximately 66% of all mothers visited by First Steps are under the age of 25. 40% of all clients are single mothers with little or no support from family. While there is no direct correlation to indicate that only young single mothers abuse their children, it is reasonable to assume that stress factors increase when a parent lacks family support, economic stability, adequate education and training to compete for jobs, and no experiential knowledge of effective parenting techniques. The at-risk babies and children who become victims of abuse have increased. Pediatric staff indicate to me, that prevention of abuse is a worthy effort, since they ultimately get the babies who suffer at the hands of abusive adults who have not learned effective preventive parenting methods.

To support funding for prevention of child abuse and neglect is not only desirable, it is imperative. With proper support for programs which focus upon prevention, there will be an impact upon the phenomenon of violence and crime affecting not only children, but spouses, other family members, and elderly; in other words, all of us. If not, the numbers of adult survivors of child abuse will continue to fill our institutions, our prisons, our mental health centers, our drug abuse programs, our courts at a much higher cost than dollars spent to break a vicious cycle of violence through educational programs whose thrust is prevention.

SENATE TAXATION  
EXHIBIT NO. 6  
DATE 3/15/91  
BILL NO. SB 396

I do not believe that imposing a tax upon video rentals is inappropriate, since most of us find recreation from this. It is a fairly painless way to fund prevention. No "pun" intended since the reduction of child abuse and neglect is critical to all of us. First Steps would have great difficulty in providing efforts to reduce child abuse without funding from the Children's Trust Fund. However, there is presently \$50,000 statewide with a maximum limit of \$5,000 available to individual programs. If all programs funded were granted the maximum of \$5,000, it doesn't take great arithmetic skills to figure that this represents 10 programs within Montana. Current funding levels available for prevention programming are highly inadequate regardless of the countless hours provided by committed individuals who give of themselves and their time. The money allocated to First Steps, through the Helena Council for Prevention of Child Abuse, via the Children's Trust Fund is used primarily for distribution of helpful information provided to new parents. The remainder is used for training and education and volunteer recognition. First Steps has not been able to serve mothers giving birth to babies who already have young children at home who demand her time, energy, and concern. If anyone has had children, one can easily recognize that under the best of circumstances, stress builds when dealing with small children and the increasing demands of family life. Most parents know how to control negative behaviors triggered by stress. Children who are harmed by adults who have not learned how to control stressful and violent behaviors should not have to pay the price of suffering and death.

I urge your support for SB 396. A vote FOR SB 396 is a vote in support of a healthy and productive environment for children who will one day become parents of their own children and possible caregivers to their elderly parents. The cycle of abuse CAN be broken. Who benefits? All of us! Who pays? All of us!

Respectfully submitted,

LENORE F. TALIAFERRO, FIRST STEPS COORDINATOR  
HELENA COUNCIL FOR PREVENTION OF CHILD ABUSE  
March 15, 1991

LEGISLATIVE COUNCIL  
 HOUSE BILL NO. 69  
 DATE 3/15/91  
 BILL NO. SB 396

VIDEO RENTAL TAX (5%) IMPACT, SB 396

Montana state taxes:

Estimated gross video receipts, FY 1992: \$13,684,715  
 Estimated number of Montana families: 286,000

Average video rental cost/family/year: \$ 47.85  
 SB 396 tax (5%)/family/year: \$ 2.39  
 SB 396 tax (5%)/adult video renter/year \$ 1.14

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 Average cigarette tax/smoker/year  
   16 cents/pack for state building fund \$ 87.60  
   2 cents/pack for veterans' home 10.95  
  
 Total \$ 98.55

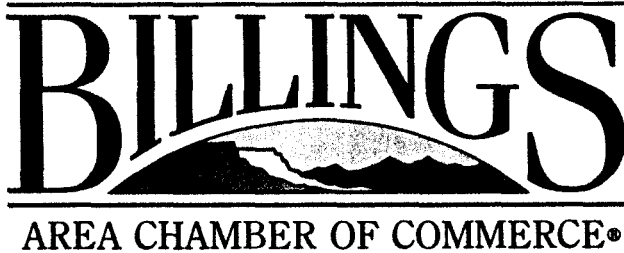
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 Average tobacco tax/chewer/year \$ 15.47 ✓  
 -----  
 Average alcohol tax/drinker/year \$ 44.31 ✓

\*\*\*\*\*

Current Children's trust fund individual impact:

Voluntary: average donation/tax check-off/year (\$21,703 total, 2,200 checkoffs) \$ 9.65  
 Involuntary: divorce fee/divorcer/year (\$21,086) \$ 2.50  
 Combined contribution/donor \$ 4.11

Sources: MDOR, MDHES, SB 396 fiscal note



7  
SENATE TAXATION  
EXHIBIT NO. 7  
DATE 3/15/91  
BILL NO. SB 396

March 15, 1991

Chairman Mike Halligan  
Senate Tax Committee Members  
Capitol Station  
Helena, MT 59601

Re: Testimony in Opposition to SB396

Dear Chairman Halligan:

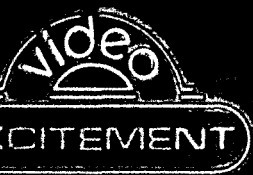
The Board of Directors of the Billings Area Chamber of Commerce urges defeat of this selective sales tax on video tape rentals. We have long urged the legislature to move toward comprehensive tax reform, using a statewide sales tax to offset losses in personal property tax revenue.

This proposal appears to us as one more attempt to target a specific growing industry and should be rejected by this committee.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alvin L. Swanson, Jr.".

Alvin L. Swanson, Jr., Chair  
Board of Directors  
Billings Area Chamber of Commerce



SENATE TAXATION

EXHIBIT NO. 7

DATE

3/15/91

BILL NO.

SB 396

MARCH 7, 1991

MS. KAY FOSTER  
1833 IRIS LANE  
BILLINGS, MT 59102

Dear Kay:

It was so nice to visit with you this past week regarding the upcoming legislation regarding taxing video rentals. I am very concerned as to the impact the proposed bill would have on our company. This past year our company filed for reorganization and it is very important that we are in no way harmed by some legislative action which would impose tax on our business.

I have enclosed a copy of a letter which I received from the Video Software Dealers Association. Possibly this will assist you with the issues which could help our position.

Our industry is definitely experiencing a shakeout. We feel we have yet to feel the full impact. Our company employs over 100 full and part time people in the state. We are a small business and would hope that the view of our industry as "booming" can be corrected. The revenues from video rentals in our industry have dropped almost 30 percent in the last four years. Also, we have not been able to experience a price increase because of such a competitive atmosphere. We hope this trend will change, however, we see no indication.

If I could be of any further help, please give me a call. Thank you again, Kay, for your support.

Kindest regards,

A handwritten signature in cursive script that reads "Rebecca Reno".

Rebecca Reno,  
President  
Video Library, Inc.



EXHIBIT NO. 8  
DATE 3/15/91  
BILL NO. SB 396

# MONTANA FOOD DISTRIBUTORS ASSOCIATION

2700 Airport Way • P.O. Box 5775 • Helena, Montana 59604 • (406) 449-6394 • 1-800-735-1082

15 March 1991

## SENATE BILL 396 5% Tax on Videotape Rentals

Mr. Chairman, members of the committee, for the record I am Bill Stevens of the Montana Food Distributors Association (MFDA).

The MFDA opposes Senate Bill 396 which would impose a 5% tax on videotape rentals in Montana.

The bill is unfair because it singles out a specific commodity for taxation, and represents an unfair burden to small grocers, c-stores and other MFDA members.

We see the proposal as a sales tax because it would directly tax retailers based on customer transactions.

Passage of 396 would open the door to imposing similar "sales" taxes on a per item basis until all items in grocery and c-stores have been levied; quite possibly at different schedules and rates. Obviously, this would create an accounting nightmare for effected retailers.

SB 396 would significantly hit rural stores that rent videos to customers who want to avoid a trip to town. These rentals can amount to more than 1,000 videos a week, which is a substantial income source for a small store.

The 5% levy (and accompanying accounting costs) would force these retailers to pass on the added costs to customers; a phenomenon we observed after the recent increase in federal SIN taxes. The increased prices would probably decrease rentals, and possibly drive some out of business. In both cases, the tax base would be eroded.

We have been told that levies like the one proposed in SB 396 have been ruled to be unconstitutional in court cases dating back to the 1930s. We have also been informed that similar bills have been either withdrawn or defeated in other states (California and Utah) because of the legal precedent.

We are not arguing against funding for child abuse and neglect programs. However, we strongly oppose a 5% levy on videotapes as the funding source.

If you feel that a sales tax is necessary, then propose one that is equitable, rather than a discriminatory tax on a single commodity.

Thank you.

~~RESERVED FOR THE SENATE~~

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

Dated this 15 day of March, 1991.

~~Name:~~ \_\_\_\_\_

~~Address:~~ SENATE TAXATION COMMITTEE

~~Telephone Number:~~ SB 396

~~Representing whom?~~ VIDEO TAX

~~Appearing on which proposal?~~ \_\_\_\_\_

Do you: Support? \_\_\_\_\_ Amend? \_\_\_\_\_ Oppose? X

Comments:

Refer to Original Exhibits  
APPROXIMATELY 100 SIGNED PETITIONS  
OPPOSED TO SB 396. WITH ORIGINAL MINUTES



WITNESS STATEMENT

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

Dated this 15 day of MARCH, 1991.

Name: David Wadsworth

Address: Box 785  
Colo MT

Telephone Number: 406-273-6600

Representing whom?

Montana chapter of Video Software Dealers Assoc.

Appearing on which proposal?

396

Do you: Support?  Amend?  Oppose?

Comments:

See Attached - Letters  
- Petitions

# Arent Fox Kintner Plotkin & Kahn

SENATE HEARING

EXHIBIT NO. 9

DATE 3/15/91

BILL NO. SB 396

March 12, 1991

John T. Mitchell  
202/857-6258

David Wadsworth, President  
Montana Chapter, VSDA  
Lolo Video Plaza  
Lolo Shopping Center  
Lolo, Montana 59847

Re: Video Tax Proposal

Dear Dave:

This letter is in response to your inquiry concerning the legal issues raised by a special tax on video rentals as proposed in Montana Senate Bill 396. The bill provides for a five percent tax on gross receipts from video rentals in order to fund a Children's Trust Fund.

Although the many Montana video retailers and their customers will undoubtedly view such a discriminatory tax as grossly unfair--particularly for lower income families who look to home video as one of the last remaining sources of low-cost family entertainment, the fundamental question is whether such a tax is constitutional under the First Amendment of the United States Constitution. As I will explain below, the clear weight of authority is that it is not.

A special tax on video rentals raises the question of its constitutional validity. This is different from a general tax, which taxes all industries in a similar fashion. A different specific tax upon video rentals raises two constitutional issues. The first issue is whether singling out videos for tax purposes is a violation of the Equal Protection Clause of the 14th Amendment. The second is whether a differential tax on videos is a violation of the First Amendment right to freedom of speech, due to the free speech rights associated with videos.

Because this proposed special tax implicates a First Amendment right, it may be challenged on either equal protection or First Amendment grounds. When faced with these two arguments against a special tax, however, courts usually decide the case based on the First Amendment arguments. See, Minneapolis Star & Tribune v. Minn. Commissioner of Rev., 460 U.S. 575, 103 S.Ct. 1365, 75 L.Ed.2d 295 (1983); Murdock v. Pennsylvania, 319 U.S. 105, 63 S.Ct. 870, 87 L.Ed. 1292 (1943); Grosjean v. American Press Co., 297 U.S. 233, 56 S.Ct. 444, 80 L.Ed. 660 (1936). I will, therefore, limit my discussion to the First Amendment issues involved.

Video tapes, as entertainment, are considered to be constitutionally protected First Amendment speech. Schad v. Burrow of Mt. Ephraim, 452 U.S. 61, 101 St.Ct. 2176, 68 L.Ed.2d (1981). The current standard for reviewing a differential tax on free speech material, such as videos, is a First Amendment test. The test is that, "a tax that burdens rights protected by the First Amendment cannot stand unless the burden is

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Facsimile: 202/857-6395

7475 Wisconsin Avenue  
Bethesda, Maryland 20814-3413

8000 Towers Crescent Drive  
Vienna, Virginia 22182-2733

David Wadsworth, President  
March 12, 1991  
Page 2

necessary to achieve an overriding governmental interest." Minneapolis Star & Tribune, supra, 460 U.S. at 582.

In Minneapolis Star & Tribune, the Supreme Court reviewed a Minnesota use tax<sup>1/</sup> imposed on the cost of paper and ink products consumed in the publication of newspapers. In that case, the Court ruled that the tax per se was a "burden." Id. at 582. Further, the court stated that "differential treatment, unless justified by some special characteristic of the press, suggests that the goal of the regulation is not unrelated to suppression of expression, and such a goal is presumptively unconstitutional." Id. at 585. In order for a state to overcome the presumption of unconstitutionality it must assert, "a counterbalancing interest of compelling importance that it cannot achieve without differential taxation." Id. at 585 (footnote omitted).

The interest asserted by Minnesota in this case was the need to raise revenues. The state argued that newspapers were exempt from the state sales tax, apparently for practical reasons, and that the use tax would make the newspapers' tax burden consistent with other industries. As I understand it, this is the kind of argument which was made to you by a staff member in the Montana Legislature. In the Minnesota case, however, the Court held that this state interest, standing alone, does not overcome the censorial threat implicit in a tax that singles out speech. Id. at 586.

Minneapolis Star & Tribune stands for the principle that a differential tax on interests protected by the First Amendment will not be upheld unless there is a counterbalancing interest of compelling importance that cannot be achieved without the differential tax.<sup>2/</sup> One key element to this principle is the inference by the Court that the goal of a differential tax is the suppression of expression, thus making such a tax presumptively unconstitutional.

A tax such as the one being considered in Senate Bill 396 would be unconstitutional because Montana's interest in raising revenue -- even for a Children's Trust Fund -- clearly would not be compelling enough to overcome the First Amendment protection against the implicit threat to free speech associated with a special tax. Minneapolis Star & Tribune

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<sup>1/</sup>Under the First Amendment, there is no distinction between a use tax, a license tax, a fixed sum tax or other kinds of taxes. Murdock v. Pennsylvania, 319 U.S. 105, 113, 63 S.Ct. 870, 87 L.Ed. 1292 (1943).

<sup>2/</sup>The ruling in Minneapolis Star & Tribune has been referred to in First Amendment free speech contexts other than the freedom of the press. See, for example, Acorn Investments, Inc. v. City of Seattle, 887 F.2d 219 (9th Cir. 1989); Legi-Tech, Inc. v. Keiper, 766 F.2d 728 (2nd Cir. 1985); Associated Film Distribution Corp. v. Thornburg, 800 F.2d 369 (3rd Cir. 1986), cert. denied sub nom., 480 U.S. 933, 1075 S.Ct. 1573, 94 L.Ed.2d(1987).

# Arent Fox Kintner Plotkin & Kahn

David Wadsworth, President  
March 12, 1991  
Page 3

sets a very high standard for a state to satisfy in order to impose any special tax on an industry protected by the First Amendment. This standard is clearly not met in the case of Senate Bill 396.

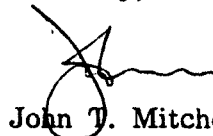
If taxes are applied across the board to virtually all retail businesses no matter what they sell or rent, they are presumably sound. The tax proposed in Senate Bill 396, however, which singles out expressive communication on video tape, cannot be allowed to stand. While a state need nothing more than a rational reason to tax non-speech items (such as cigarettes, candy bars or gasoline) with a discriminatory tax, that is not the case when speech is burdened.

No state has ever enacted a special tax on video sales or rentals. Hopefully, during this bicentennial of the Bill of Rights, the Montana Legislature will not abridge the freedom of speech of Montana's citizens through such taxation. Nevertheless, you can rest assured that if such plans do go forward, video consumers and retailers in Montana would have very strong legal authority for their challenge to such a tax in court. Moreover, since the tax would constitute a violation of civil rights protected by the Constitution, a request for an award of costs and attorney fees might be in order.

I hope that this brief analysis will be of some assistance. I would expect that, in addition to the unconstitutionality of such a proposal, the Legislature would be concerned with the negative impact of the tax on lower income families, as well as the impact on small business. The home video industry is a relative newcomer to the business world. I am sure that you need no reminder that video retailing is still experiencing a market "shake down", with small businesses finding it extremely hard to compete. The smallest stores with the lowest profit margins would be hardest pressed to pass the cost on to the consumer. Regardless of whether they absorb it or pass it on through higher prices, such an added tax could spell financial disaster for some of the smaller Montana retailers.

I will be happy to discuss this legal analysis with you in greater detail and to also go over additional public policy reasons why other communities across the United States (Maryland, Utah, California, Pennsylvania and West Virginia) have rejected the idea of a video rental tax. Please feel free to give me a call.

Sincerely,



John T. Mitchell  
Counsel for Video Software  
Dealers Association

① My name is JERRY Skillman  
I own Center Stage, a Video Store

I would like to briefly speak to 3 separate issues.

First, according to the information contained in the Fiscal Note on SB 396, the approximate gross revenues of the video industry in Montana is about \$12,000,000. That kind of money is generated and spent ~~by~~ ~~the~~ ~~video~~ ~~industry~~ ~~monthly~~, perhaps twice monthly in this state by the mental wealth industry. All of the money they spend, and we all know it is an enormous amount, comes directly from the tax payers pocket.

~~The~~ News week magazine reported several months ago that this industry is one of the fastest growing and most profitable industries in the nation. Now, when ~~an~~ an industry that large & that influential comes to the legislature asking your help in relieving a business entity as small as ours of 5% of our gross receipts, I think they should be greeted with much ~~the~~ skepticism. Questions about why & how this process occurred should be explored.

I asked those questions of

②

board members of the Montana childrens Trust fund. The story I heard was that when the board decided that they would like to have more money - it was suggested that the Video business was a huge fast growing & profitable enterprise.

I was also told that when the 5% number was proposed they had no idea how much money would be generated and that the board was surprised by the \$600,000 / yr figure that resulted. The board didn't know what they would do with this amount as it was far in excess of what they had in mind.

then came the idea of turning the new found gold mine over to the state board of investments since there would ~~be~~ obviously be more money than necessary. When I heard this story, again, keep in mind this was from a board member, I was shocked and outraged. What a way to fund your favorite project. Just go out ~~and~~ <sup>TAX</sup> a business for as much as you can get away with. If it is more than

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you need - take it any way. Ladies and gentlemen, that's empire building and I believe you should not allow it.

My second point is that the original ~~text~~ legislation which established the trust fund required that ~~the~~ ~~contractor to the~~ Board shall evaluate the effectiveness of the services and activities funded. I asked to see that evaluation and was told that an evaluation has never been done.

What would happen in our businesses if we, for several years running, spent \$50,000 and didn't bother to evaluate the results and then continued the expenditures with no proof of their value. We wouldn't stay in business and we wouldn't deserve to. This is not an example of fiscal responsibility. It is fiscal nonsense.

~~The~~ the 3<sup>d</sup> issue is that in talking with hundreds of my customers in the past 2 weeks ~~and~~ I am very, very sure the taxpayers of Montana do not

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want this kind of tax. I honestly and sincerely Report to you that all but three of the people I talked with oppose this legislation. Many were angry that after repeated rejections of sales tax in this state that this would even be considered.

The most frequent comment was "let them live within their Budget. we have to."

We have enormous <sup>Citizen</sup> ~~we~~ support in our opposition to this bill. It is not good policy, it is not fair, and I believe it was ill conceived from the beginning. I urge you to dispose of it as quickly as possible.

thank you.



ASSUMPTIONS ON WHICH THE FINANCIAL ASPECTS OF THIS BILL ARE BASED, PREPARED BY THE OFFICE OF BUDGET & PROGRAM PLANNING.

\* 1987 CENSUS OF SERVICE INDUSTRIES,  
U.S. BUREAU OF CENSUS

ALL VIDEO TAPE RENTAL ESTABLISHMENTS WHOSE PRIMARY BUSINESS IS RENTING OF VIDEO TAPES.

1987 - THERE WERE 86 OF THEM  
BY 1988 THAT HAD DROPPED TO 79  
THERE ARE NO FIGURES FOR 1989 - 0 -  
BUT THE 1990-91 TALLY SHOWS 142

~~AND~~ BUT AN  
~~DETAILED~~ ANALYSIS OF THAT FIGURE  
SHOWS <sup>HOWEVER</sup> ~~THAT~~ THAT

ONLY 68 WERE PRIMARILY IN THE  
TAPE RENTAL BUSINESS

55 OF THEM WERE ADD-ONS -  
MEANING OTHER TYPES OF  
BUSINESSES THAT ADDED  
VIDEO TAPE RENTALS TO  
THEIR OFFERING - SUCH  
AS CONVENIENCE STORES,  
SERVICE STATIONS - ~~AND~~ <sup>SPORTING</sup> GLOVES  
AND THE LIKE -

19 <sup>OF THEM HAVE</sup> ~~WENT~~ GONE OUT  
OF BUSINESS (4 IN MISSOURI)

THE REST SCATTERED THRU-OUT  
THE STATE

OF THE ~~FRANCHISE~~ FRANCHISE OPERATIONS IN THE  
STATE IN 1987 THERE WERE 6 NATIONAL VIDEOS  
3 SOUNDS EAST

AN ASIDE

{ IN 1987 THERE WERE 713  
NATIONAL VIDEO STORES NATIONWIDE - } 12 VIDEO EXCITEMENT  
IN 1991 THERE ARE 167

BY JAN OF 1991 THERE WAS 1 NATIONAL VIDEO  
STORE  
1 SOUNDS EAST  
12 VIDEO EXCITEMENT  
WHICH IN CHARTRIC  
ELEVEN BANKRUPTCY

- IN 1987 THE 86 STORES SHOWED AN
- ✓ AVERAGE GROSS INCOME OF 129,053
  - ✓ THE AVERAGE NUMBER OF EMPLOYEES - 4
  - ✓ AVERAGE EMPLOYEES SALARY 6635<sup>00</sup>
  - ✓ THE AVERAGE COST OF A VIDEO \$ 47<sup>12</sup>
  - ✓ THE AVERAGE RENTAL CHG PER VIDEO WAS 2<sup>14</sup>

AND THIS IS WHERE THE BUDGET DIRECTORS  
ASSUMPTIONS FALL <sup>OUT OF STEP WITH THE FACTS</sup> ~~FLAT ON THEIR FACE~~, HE  
ASSUMED THAT THE VIDEO INDUSTRY WOULD FOLLOW  
THE SAME <sup>PATTERN OF</sup> INCREASES AS THE CONSUMER PRICE  
INDEX ~~IS~~ <sup>RELATED</sup> ~~APPLIED~~ TO OTHER BUSINESSES.  
THAT WAS; THAT IN 1988 THE RECEIPTS WOULD  
INCREASE 4.13% - IN 1989 THEY WOULD  
INCREASE 4.73% - AND IN 1990 THEY

WOULD INCREASE 5.40% AND SO ON  
UP THRU 1993 —

THAT DIDN'T HAPPEN —

INSTEAD THEY TURNED DOWNWARD —  
BY JANUARY OF THIS YEAR THE  
AVERAGE VIDEO RENTAL CHARGE WAS \$1.79  
WITH FEWER FULL-TIME STORES  
PARTICIPATING —

THE CONVENIENCE STORES,  
SERVICE STATIONS, HUNTING &  
FISHING OUTFITTERS, ETC  
THAT GOT INTO THE VIDEO  
RENTAL BUSINESS AS AN  
ASIDE TALLIED OUT EVEN  
LOWER — AT 99¢ AND  
LESS.

THESE OUTLETS USE VIDEO  
RENTALS AS COME-OUT-OR  
LOSS LEADER ITEMS — THEY  
~~CHARGE~~ CHARGE IT OFF TO  
ADVERTISING & PROMOTION

BUT THEIR LOWER PRICES HAD  
A CHILLING EFFECT ON THE  
PRIMARY VIDEO RENTAL BUSINESS

AT THE SAME TIME THIS WAS  
HAPPENING THE PRICE OF THE  
VIDEO MOVIE WAS GOING UP -  
TO DAY THE AVERAGE COST  
OF A VIDEO MOVIE IS 6497 -  
A 36% INCREASE FROM 1987

( WHILE THE RENTAL FEE DROPPED  
FROM 214 TO 179 - A 20%  
DECREASE. )

OTHER COSTS ALSO WENT UP -  
EMPLOYEES SALARIES FOR INSTANCE  
FROM AN AVERAGE OF 663800 A  
YEAR TO 762800 A YEAR - A 13.49%  
INCREASE.

RENTS HAVE GONE UP - UTILITIES  
HAVE GONE UP - FREIGHT COSTS  
HAVE GONE UP - TAXES - AND  
MANY OTHER COSTS OF BUSINESS - PRINTING -  
SUPPLIES - PACKING BAGS - ADVERTISING -

THE ONLY WAY TO COMBAT THIS GREAT  
DIFFERENTIAL BETWEEN LOWER  
RENTAL FEES AND HIGHER COSTS WAS  
TO INCREASE THE CUSTOMER BASE

A FEW HAVE HAD SOME SUCCESS AT THAT - MOST HAVE NOT.

FOR THE MOST PART THE VIDEO RENTAL BUSINESS IN MONTANA IS OPERATING IN A VERY NEGATIVE FINANCIAL LIGHT - ~~CONFRONTING MANY SIGNIFICANT BARRIERS~~ THOSE PROJECTIONS ~~OR ASSUMPTIONS~~ OF REVENUES THE BUDGET DIRECTOR HAS PLOTTED SIMPLY WON'T HAPPEN - ~~THEY'RE NOT GOING TO GET THAT~~ THE MONEY ~~IF POSSIBLE 5% SALES TAX~~ ISN'T THERE. IF THIS LEGISLATION IS PASSED THE COST TO THE VIDEO RETAILER TO DO THE PAPER WORK WILL HAVE TO BE PASSED ON TO

IN A SURVEY OF RANDOMLY ~~SELECTED~~ <sup>THE CONSUMER - THE STORE CAN'T ABSORB IT</sup> STORES ACROSS THE STATE - (28 IN ALL) FROM LITTLE COTTAGE INDUSTRY SHOPS - CONVENIENCE STORES - <sup>VIDEO STORES</sup> UP TO SUPER MARKETS W/ VIDEO ~~SALES~~ RENTALS WHEN ASKED WHAT A SALES TAX WOULD DO TO THEM THE RESPONSE WAS:

21 WOULD DROP VIDEO RENTALS FROM THEIR STORES

4 WERE UNDECIDED

3 WOULD LIKELY KEEP THE VIDEO'S - THESE WERE ALL SUPER MARKETS WHERE THE DECISIONS WERE MADE OUT OF STATE

MORE IMPORTANTLY — ASIDE FROM THE NEGATIVE EFFECT THIS TAX WOULD HAVE ON THE INDUSTRY — IS WHAT EFFECT IT WILL HAVE ON THE CONSUMER — THE MAN ON THE STREET — THROUGHOUT MONTANA.

THE RESPONSE HAS BEEN ONE OF OUTRAGE — AND THE THOUSANDS OF SIGNATURES ON THE PETITIONS WILL ~~TESTIFY~~<sup>ATTEST TO</sup> THIS:

FOR MANY PEOPLE — MANY FAMILIES IN MONTANA — THEIR PRIMARY SOURCE OF ENTERTAINMENT IS TO RENT A VIDEO MOVIE. WHETHER WE LIKE TO FACE IT OR NOT, MONTANA IS STILL IN THE GRIPS OF RECESSION. THERE ARE THOUSANDS OF PEOPLE WHO DON'T HAVE JOBS — AND CAN'T GET JOBS — IN MISSOULA ALONE ~~OVER~~<sup>RECENTLY</sup> MORE THAN 600 PEOPLE WERE LAID OFF THEIR JOBS AT CHAMPION-INTERNATIONAL FOR THESE PEOPLE — AND ~~ALL~~ THOSE IN ~~THEIR TOWN~~<sup>SIMILAR STRAITS</sup> ACROSS THE STATE — TO FIND AFFORDABLE ENTERTAINMENT IS ALMOST IMPOSSIBLE — WITH THE EXCEPTION OF A VIDEO RENTAL —

A TRIP TO A LAKE IS OUT - TO ATTEND  
FOOTBALL OR BASKETBALL GAMES IS OUT - TO  
SEE LIVE THEATRE IS OUT - TO ATTEND A  
ROCK CONCERT IS OUT - THEY CAN'T AFFORD IT!

BUT - FOR THE PRICE OF 1 MOVIE THEATRE  
TICKET IN MISSOULA - (THAT'S 4.95)  
THEY CAN RENT 3 OR MORE VIDEOS  
WHICH THE ENTIRE FAMILY CAN SHARE  
AND ENJOY - ~~AND~~ THEY CAN KEEP  
THEM FOR 2 DAYS - PROVIDING 2 DAYS OR  
2 EVENINGS ENTERTAINMENT.

TO HIT THEM WITH A 5% SALES  
TAX ON WHAT LITTLE BIT THEY  
CAN AFFORD FOR ENTERTAINMENT  
IS - - -

WELL, YOU'LL HAVE TO  
DECIDE THAT FOR YOURSELF

VSDA

SENATE TAXATION 12

EXHIBIT NO. 12

DATE 3/15/91

BILL NO. SB 396

MONTANA CHAPTER, VIDEO SOFTWARE DEALERS ASSOCIATION

Lolo Video \* P.O. Box 785 \* Lolo, MT 59847 \* 406-273-6600

February 21, 1991

Legal Aide, Senate Finance Committee  
Capitol Station  
Helena, MT 59624

Dear Sir or Madame,

The enclosed material is for your attention with respect to Senate Bill #396 which will come before your committee on March 15, 1991.

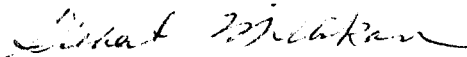
Let it go on record that the Montana Chapter of VSDA (The Video Software Dealers Association) and Montana video store owners are wholly against this bill. We feel it to be discriminatory, arbitrary and unconstitutional and will only add to the cost of government, not raise any significant new revenue, and will place the tax burden on those who can least afford it.

Therefore I urge you that you vote against enactment of this bill.

Sincerely yours,



David Wadsworth, President  
Montana Chapter, VSDA



Gilbert Millikan, V-President  
Montana Chapter, VSDA



# POINTS AGAINST VIDEO TAX

## The Tax is Unlawful

The United States Constitution guarantees freedom of speech and freedom from arbitrarily unequal treatment. A tax which singles out video sales or rentals violates both guarantees. Such a tax not only singles out speech for taxation, in violation of the First Amendment, but also would single out one particular form of speech to carry a tax burden not shared by books, magazines or other media, in violation of the Equal Protection clause.

## Home Video is Different

Although many products may lawfully be subjected to a special tax, home video is different. Higher taxes on liquor and tobacco products, for example, may be warranted in order to discourage their use. Home video is not like that. Consumers buy and rent videos just like they buy a book or check out library materials. Any higher tax on speech, in whatever form, is presumed to be unconstitutional, because it would burden and discourage speech.

## The Tax is Unfair to Consumers

A tax on video rentals is extremely regressive. It falls most heavily upon those who can least afford it. Families with modest incomes may not be able to spend Friday night at the movies, but they can, for now, rent a video film to watch at home.

## The Tax Would Hurt Small Businesses

The home video industry is a relative newcomer to the business world. Video retailing is still experiencing a market "shake down", with small businesses finding it extremely hard to compete. The smallest stores with the lowest profit margins would be hardest pressed to pass the cost on to the consumer. Regardless of whether they absorb the tax or pass it on through higher prices, such an added tax could spell financial disaster.

## The Tax Would Hurt the State

The State would end up paying the cost of this misguided effort to increase revenue. Any apparent revenue increase would certainly vanish as video rental business in border communities is lost to neighboring states with more competitive prices. Moreover, calculations of potential revenue should factor in the costs of trying to defend such an unconstitutional law against court challenges which are certain to follow.

# Arent, Fox, Kintner, Plotkin & Kahn

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(703) 847-5800

John T. Mitchell  
(202) 857-6258

December 18, 1990

Mr. Mitch Lowe, President  
Northern California Chapter, VSDA  
Video Droid  
215 Shoreline Highway  
Mill Valley, CA 94941

Re: California Assembly Bill No. 4 - Video Tax

Dear Mitch:

Rick Karpel, the Video Software Dealers Association's Director of Government Affairs, asked that I respond to your concerns about the proposed video tax. Assembly Bill No. 4 would impose a 2% tax on gross receipts of any retailer from rental and sales of videos to help finance school media centers.

Although the many California video retailers and their customers will undoubtedly view such a discriminatory tax as grossly unfair -- particularly for lower income families who look to home video as one of the last remaining avenues of low-cost family entertainment, the fundamental question is whether such a tax is constitutional under the First Amendment of the United States Constitution. As I will explain below, I believe that the clear weight of authority is that it is not.

A special tax on video sales and rentals raises the question of its constitutional validity. This is different from a general tax, which taxes all industries in a similar fashion. A different specific tax upon video rentals or sales raises two constitutional issues. The first issue is whether singling out videos for tax purposes is a violation of the Equal Protection Clause of the 14th Amendment. The second is whether a differential tax on videos is a violation of the First Amendment right to freedom of speech, due to the free speech rights associated with videos.

Mr. Mitch Lowe  
December 18, 1990  
Page 2

Because this proposed special tax implicates a First Amendment right, it may be challenged on either equal protection or First Amendment grounds. When faced with these two arguments against a special tax, however, courts usually decide the case based on the First Amendment arguments. See, Minneapolis Star & Tribune v. Minn. Commissioner of Rev., 460 U.S. 575, 103 S.Ct. 1365, 75 L.Ed.2d 295 (1983); Murdock v. Pennsylvania, 319 U.S. 105, 63 S.Ct. 870, 87 L.Ed. 1292 (1943); Grosjean v. American Press Co., 297 U.S. 233, 56 S.Ct. 444, 80 L.Ed. 660 (1936). I will, therefore, limit my discussion to the First Amendment issues involved.

Video tapes, as entertainment, are considered to be constitutionally protected First Amendment speech. Schad v. Burrow of Mt. Ephraim, 452 U.S. 61, 101 St.Ct. 2176, 68 L.Ed.2d (1981). The current standard for reviewing a differential tax on free speech material, such as videos, is a First Amendment test. The test is that, "a tax that burdens rights protected by the First Amendment cannot stand unless the burden is necessary to achieve an overriding governmental interest." Minneapolis Star & Tribune, supra, 460 U.S. at 582.

In Minneapolis Star & Tribune, the Supreme Court reviewed a Minnesota use tax<sup>1/</sup> imposed on the cost of paper and ink products consumed in the publication of newspapers. In that case, the Court ruled that the tax per se was a "burden." Id. at 582. Further, the court stated that "differential treatment, unless justified by some special characteristic of the press, suggests that the goal of the regulation is not unrelated to suppression of expression, and such a goal is presumptively unconstitutional." Id. at 585. In order for a state to overcome the presumption of unconstitutionality it must assert, "a counterbalancing interest of compelling importance that it cannot achieve without differential taxation." Id. at 585 (footnote omitted).

---

<sup>1/</sup>Under the First Amendment, there is no distinction between a use tax, a license tax, a fixed sum tax or other kinds of taxes. Murdock v. Pennsylvania, 319 U.S. 105, 113, 63 S.Ct. 870, 87 L.Ed. 1292 (1943).

Mr. Mitch Lowe  
December 18, 1990  
Page 3

The interest asserted by Minnesota in this case was the need to raise revenues. The state argued that newspapers were exempt from the state sales tax, apparently for practical reasons, and that the use tax would make the newspapers' tax burden consistent with other industries. The Court held that this state interest, standing alone, did not overcome the censorial threat implicit in a tax that singles out the press. Id. at 586.

Minneapolis Star & Tribune stands for the principle that a differential tax on interests protected by the First Amendment will not be upheld unless there is a counterbalancing interest of compelling importance that cannot be achieved without the differential tax.<sup>2/</sup> One key element to this principle is the inference by the Court that the goal of a differential tax is the suppression of expression, thus making such a tax presumptively unconstitutional.

A tax such as the one proposed by Assembly Bill No. 4 would be unconstitutional because the state's interest in general revenue or the funding of an unrelated educational program clearly would not be compelling enough to overcome the First Amendment protection against the implicit threat to free speech associated with a special tax. Minneapolis Star & Tribune sets a very high standard for a state to satisfy in order to impose any special tax on an industry protected by the First Amendment.

---

<sup>2/</sup>The ruling in Minneapolis Star & Tribune has been referred to in First Amendment free speech contexts other than the freedom of the press. See, for example, Acorn Investments, Inc. v. City of Seattle, 887 F.2d 219 (9th Cir. 1989); Legi-Tech, Inc. v. Keiper, 766 F.2d 728 (2nd Cir. 1985); Associated Film Distribution Corp. v. Thornburg, 800 F.2d 369 (3rd Cir. 1986), cert. denied sub nom., 480 U.S. 933, 1075 S.Ct. 1573, 94 L.Ed.2d (1987).

Mr. Mitch Lowe  
December 18, 1990  
Page 4

I hope that this brief analysis will be of some assistance. I will be happy to discuss this with you in greater detail and to also go over several public policy reasons why other communities have rejected the idea of a video rental tax. Please feel free to give me a call.

Sincerely



John T. Mitchell  
VSDA Legislative Council

cc: Jack Messer, President  
Rick Karpel, Esq.  
John Simmons, Chapter President

*Senate* BILL NO. **396**  
*Eck*

1 INTRODUCTION BY

2 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A TAX ON THE

3 RENTAL OF A VIDEOTAPE; ESTABLISHING THE RATE OF TAX AT 5

4 PERCENT; PROVIDING PENALTIES FOR FAILURE TO PAY THE TAX;

5 REQUIRING THAT RECEIPTS FROM THE TAX AND PENALTIES AND

6 INTEREST BE DEPOSITED IN THE CHILDREN'S TRUST FUND ACCOUNT;

7 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN

8 APPLICABILITY DATE."

STATEMENT OF INTENT

9 A statement of intent is required for this bill because

10 [section 2] requires the department of revenue to adopt

11 rules to implement the tax imposed on the rental of

12 videotapes. It is the intent of the legislature that the

13 rules promulgated by the department should address, at a

14 minimum, the following:

15 (1) forms and procedures for registering with the

16 department as a videotape rental agent;

17 (2) forms and procedures for filing the tax imposed by

18 [section 3]; and

19 (3) other matters that the department considers

20 necessary for the effective and efficient implementation and

21 enforcement of [sections 1 through 7].

1 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

2

3 NEW SECTION. Section 1. Definitions. As used in

4 [sections 1 through 7], the following definitions apply:

5 (1) "Charge" means the fee imposed by a videotape

6 rental agent for the use of a videotape or disk owned by or

7 otherwise under the control of the videotape rental agent.

8 (2) "Department" means the department of revenue

9 provided for in 2-15-1301.

10 (3) "Videotape" means a magnetic tape, disk, or other

11 device on which images and sounds have been recorded for

12 viewing on a video cassette. A videotape includes but is not

13 limited to:

14 (a) movies;

15 (b) television programs;

16 (c) cartoons;

17 (d) physical exercise programs; and

18 (e) instructional programs.

19 (4) "videotape rental agent" means a person who, by

20 lease, rental, or other arrangement but not by the transfer

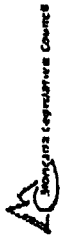
21 of ownership of the videotape, provides a videotape to

22 another person for a charge.

23 NEW SECTION. Section 2. Rulemaking authority. The

24 department shall adopt rules necessary to implement and

25 administer [sections 1 through 7].



2083

1 NEW SECTION. Section 3. Tax rate. There is imposed on  
 2 the user of a videotape provided by a videotape rental agent  
 3 a tax at a rate equal to 5% of the charge collected by the  
 4 videotape rental agent.

5 NEW SECTION. Section 4. Collection -- reporting --  
 6 deposit into children's trust fund account. (1) The  
 7 videotape rental agent shall collect the tax imposed by  
 8 [section 3].

9 (2) The videotape rental agent shall report to the  
 10 department at the end of each calendar quarter the gross  
 11 receipts collected during that quarter attributable to  
 12 videotape charges. The report is due within 30 days  
 13 following the end of the calendar quarter and must be  
 14 accompanied by a payment in an amount equal to the tax  
 15 required to be collected under subsection (1).

16 (3) All receipts collected by the department under this  
 17 section must be deposited in the children's trust fund  
 18 account established in 41-3-702.

19 NEW SECTION. Section 5. Audits -- records. (1) The  
 20 department may audit the books and records of any videotape  
 21 rental agent to ensure that the proper amount of tax imposed  
 22 by [section 3] has been collected. An audit may be done on  
 23 the premises of the videotape rental agent or at any other  
 24 convenient location.

25 (2) The department may request that the videotape

1 rental agent provide the department with books, ledgers,  
 2 registers, or other documents necessary to verify the  
 3 correct amount of tax.  
 4 (3) The videotape rental agent shall maintain and must  
 5 have available for inspection by the department books,  
 6 ledgers, registers, or other documents showing the  
 7 collection of charges for the preceding 5 years.

8 (4) Except in the case of a videotape rental agent who,  
 9 with intent to evade the tax, purposely or knowingly files a  
 10 false or fraudulent return violating the provisions of  
 11 [sections 1 through 7], the amount of tax due under any  
 12 return must be determined by the department within 5 years  
 13 after the return is made, and the department thereafter is  
 14 barred from revising a return or recomputing the tax due. A  
 15 proceeding in court for the collection of the tax may not be  
 16 instituted unless notice of any additional tax is provided  
 17 within the 5-year period.

18 (5) An application for revision may be filed with the  
 19 department by a videotape rental agent within 5 years from  
 20 the original due date of the return.

21 (6) All penalties and interest imposed and collected by  
 22 the department under [section 7] must be deposited in the  
 23 children's trust fund account established in 41-3-702.

24 NEW SECTION. Section 6. Registration number --  
 25 application to department. (1) A videotape rental agent

3083

1 shall apply to the department for a registration number.  
 2 {2} The application must be made on a form provided by  
 3 the department.  
 4 {3} Upon receipt of the completed application, the  
 5 department shall assign a registration number to the  
 6 videotape rental agent.

7 NEW SECTION. Section 7. Failure to pay or file --  
 8 penalty -- interest. (1) A videotape rental agent who fails  
 9 to file the report required under [section 4] must be  
 10 assessed a penalty of 2% of the tax that should have been  
 11 collected during the calendar quarter. Upon a showing of  
 12 good cause, the department may waive the penalty.

13 {2} A videotape rental agent who fails to make payment  
 14 or fails to report and make payment as required under  
 15 [section 4] must be assessed a penalty of 2% of the amount  
 16 that was not paid. Upon a showing of good cause, the  
 17 department may waive the penalty.

18 {3} If a videotape rental agent fails to file the  
 19 report required under [section 4] or if the department  
 20 determines that the report understates the amount of tax  
 21 due, the department may determine the amount of the tax due  
 22 and assess that amount against the videotape rental agent.

23 {4} The amount required to be paid under [section 4]  
 24 accrues interest at the rate of 1% a month or part of a  
 25 month from delinquency until paid.

1 NEW SECTION. Section 8. Codification instruction.  
 2 [Sections 1 through 7] are intended to be codified as an  
 3 integral part of Title 15, and the provisions of Title 15  
 4 apply to [sections 1 through 7].

5 NEW SECTION. Section 9. Effective date --  
 6 applicability. [This act] is effective on passage and  
 7 approval and applies to all charges collected on or after  
 8 July 1, 1991, regardless of when the charges were invoiced  
 9 by or due to a videotape rental agent.

-End-



**ARMY'S 82nd Airborne Division ride a Sheridan tank past a day in southern Iraq.**

Associated Press

months in  
age A-2

by Iraqi  
who announced  
d army  
nces." The  
gnified"  
hile declaring  
Iraq, refused  
claim to the  
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Accusing the Iraqi leader of trying "to regroup and fight another day," Bush ordered the allied campaign to continue "with undiminished intensity." He upbraided Saddam for "the pathological destruction of Kuwait," for failing to renounce Iraq's territorial claim to the tiny emirate and for again rebuffing U.N. Security Council resolutions.

"The liberation of Kuwait is close at hand," the president promised, and evidence from the war zone appeared to confirm his optimism. Jubilant Kuwaitis proclaimed the liberation of their capital city, although Pentagon officials said exhausted U.S. Marines and Kuwaiti armored units on the city's outskirts would wait until dawn Wednesday to probe further, a caution provoked by concern for

(See WAR, Page A-6)

Montanans polled believe an attempt to assassinate Iraqi leader Saddam Hussein would be justified, according to an Eastern Montana College survey completed Monday.

**Saddam Hussein**

"In terms of removing Hussein, national polls show the majority of Americans say the war shouldn't end until Hussein is removed from power," said Craig Wilson, an EMC political science professor.

"Montanans are also saying Hussein has to go. But not just out of Kuwait. He literally has to go."

Wilson, along with EMC sociology professor Joe Floyd, supervised 27 students who conducted the random telephone survey of 410 adult Montanans from throughout the state as a class project. Poll participants were asked 14 questions pertaining to the Persian Gulf war and the performance of President Bush. The survey has a margin of error of five percent either way.

Of those polled, 61.9 percent said

(See POLL, Page A-6)

# Video rental tax draws opposition

## Bill would fund child welfare programs

**By JIM LUDWICK**  
Missoulian business editor

A tax on videocassette rentals has been proposed in the Legislature and is drawing fire.

The proposal from Sen. Dorothy Eck, D-Bozeman, calls for a tax of 5 percent.

Under the plan, shops that rent videos would register with the government and would be issued identification numbers. Every three months, they would submit tax reports and the money.

Proceeds would go to a trust fund that helps pay for programs dealing with child abuse and neglect. The fund now depends heavily on donations that are made through a checkoff on state income-tax forms; more than 99 percent of Montanans contribute nothing through the checkoff.

Eck said child abuse and neglect "is an area where there is a lot of need and a lot of possibilities," but she said it is hard to

get state money for a program unless a source of the money is identified. Video rentals, she said, are "something you can point out, where they're not really a necessity of life that you're taxing."

Jace Laakso, owner of the Crystal Theater in Missoula, said the tax would be regressive and would focus on an industry that includes many marginal businesses.

He also said the tax would be unconstitutional, "because it puts an extra burden on a form of free speech."

The proposal drew nearly identical criticism from David Wadsworth of Lolo Video Plaza, who is president of Montana's chapter of the Video Software Dealers Association.

"It is our feeling that this bill, for a number of reasons, is very bad," Wadsworth said. "I would hope that it doesn't become law, but if it does, it will be challenged in court."

RT WILSON/Missoulian  
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erty airports  
ave been a  
em," he said.

Dropped were  
n, overpayment  
d double pay-  
Pankey's attor-  
said "serious  
ome of those  
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l of the allega-

held after his  
: was guilty of  
ment.

a perfect admi-  
ide some good-

ze A-6)

13

HONORABLE SENATOR  
MONTANA STATE CAPITOL  
HELENA, MT.

SENATE TAXATION  
EXHIBIT NO. 13  
DATE 3/15/91  
BILL NO. SB 311

RE: SENATE BILL 396-Bill 5B396  
Imposing a tax on Rental of Videotapes

1. This is an unfair, discriminatory proposed tax on a seller or handler of videotapes and entertainment for people of low income that cannot afford to pay regular admission fees at local theatres, hire baby sitters and enjoy entertainment at home with low budget income.
2. Videotapes provide an outlet for senior citizens not wishing to leave their homes at night.
3. Videotapes keep young people at home away from drinking in bars and driving automobiles.
4. Videotapes provide entertainment for incapacitated individuals in wheel chairs confined to home viewing.
5. Videotapes are a big source for entertainment at home for small children whose families cannot afford to take them to a movie, buy popcorn and run up a twenty dollar bill which can be offset by a 90¢ movie rental video and home viewing.

These are just a few of the many instances which this proposed bill will tax Montana individual families with unfair taxation.

It appears that the revenues from gambling and casino machines passed by members of the Legislature should include monies for Children's Trust Fund Accounts without enacting new State Laws to tax these same individuals.

I urge you to look upon Senate Bill 396 as a necessary nuisance and discriminatory tax for reasons stated herein.

*Edward Sharp*  
EDWARD SHARP  
WILMA THEATRES  
MISSOULA, MT.

TO WHOM IT MAY CONCERN:

SENATE TAXATION

EXHIBIT NO. 14

14

We, the undersigned, hereby go on record as opposing the Senate Bill #396, which is proposed, to place a 5% sales tax on video rentals. 3/15/91  
38,316

Name (please print)	Address	Signature
Roger Olson	Rt 1 Box 169 Silesia Mt.	Roger Olson
Curtis Lord	8-5th Ave Laurel MT	Curtis Lord
Terrance J. Keller	1125 13th Av Laurel, MT	Terrance Miller
Tom Cribbs	P.O. Box 387 Joliet mt 59041	Tom Cribbs
Diane Crane	910 12th Ave	Diane Crane
Julia Lord	8-5th Ave, Laurel MT	Julia Lord
Justin Howell	P.O. Box 153 Joliet mt	Justin Howell
<del>Justin Howell</del>	<del>308 West Avenue</del>	<del>Justin Howell</del>
Dennis Eaton	308 West Avenue	Dennis Eaton
Ervin Wood	115 Durland Laurel	Ervin Wood
CYNTHIA DOAN	504 E. 7th St. LAUREL	Cynthia Doan
Matt Sutton	801 E Main #2	Matt Sutton
Ray Kammerel	515 4 Ave.	Ray Kammerel
Joseph Moler	1209 E 6th #2	Joseph Moler
DONALD BROWN	803 W Maryland	Donald Brown
Kandy Polison	603 5th Ave	Kandy Polison
Larry Wedel	319 6th Ave	Larry Wedel
Alan Dins	Rt 1 Box 81 Silesia, mt	Alan Dins
Pamala Befston	Rt. 1 Box 69 Silesia Mt.	Pamala Befston
GREGA. Wood	115 Durland Ave.	Greg Wood
CRAIGE WHITELEY	2247 Hwy 10 Laurel	Craig Whiteley
Rich Baile	1029 2nd Ave Laurel	Rich Baile
Margaret Chilcote	1003 Bobcat Laurel	MARGARET Chilcote

TO WHOM IT MAY CONCERN:

We, the undersigned, hereby go on record as opposing the Senate Bill #396, which is proposed, to place a 5% sales tax on video rentals.

Name (please print)

Address

Signature

SHERYL COX 114 N. MARYLAND Sheryl Cox

Robert Moran 604 6<sup>th</sup> Ave Laurel Mt. Robert Moran

Day Sticka 524 Juniper Day Sticka

Arenie Sticka 524 Juniper Arenie Sticka

Tracy Johnson 1109 HWAY 10 WEST Tracy Johnson

Charles Peaton 801 2<sup>nd</sup> Ave CHARLES PEATON

Debbie Kauffman Box 51 Laurel DEBBIE KAUFFMAN

Brad Molne 1423 Frank W. Park Rd. Park City, UT

NARROY FRANK 1103 S. HART Rd. Laurel

Lorrie Calhoun 535 Backer St. Laurel Lorrie Calhoun

SKAGGS J. Skaggs RFD #1 Park City J. Skaggs

Group del Rio Skaggs RFD 1 Park City, UT

Gayle Wescup 1033 8<sup>th</sup> Ave Laurel Mt.

Nannie Schenckberger 105 Woodland Laurel

Shannon Zehlhoff 2522 80<sup>th</sup> St W Billings

JAMES EASTMAN 2716 Highway 212 So. Laurel

Brent C. Zooker 1102 BIRCH AVE LAUREL Brent C. Zooker

Russ Luhn 609 BIRCH Laurel

Scott Seabrook 308 Cedar Ave<sup>th</sup> Laurel Scott Seabrook

Tracey S. Coest 20 1/2 5<sup>th</sup> Ave. Laurel Tracey S. Coest

Stitchell E. Isaacson 1139-7<sup>th</sup> Ave Laurel

Jill Rodan RT 1 Park City, UT

Janie Cully 1112 E 8<sup>th</sup> Laurel, MT

Nancy P... 1118 S... Laurel, MT

We, the undersigned, hereby go on record as opposing the Senate Bill #396, which is proposed, to place a 5% sales tax on video rentals.

Name (please print)

Address

Signature

Name (please print)	Address	Signature
LINDA WEDEL	319 6th Ave Laurel	Linda Wedel
CAROLE MAYES	1316 5 <sup>th</sup> Ave. LAUREL, MT 59044	Carole Mayes
Dicki Shetton	419 8 AV Laurel	Dicki Shetton
Lita Atkinson	510 FIR	Lita Atkinson
Francie Kemann	702 W Maryland Laurel	
Wen Wylusowski	1219 Valley Drive Laurel MT 59044	
Sheila Schieno	1926 Mullowney Blgs. MT. 59101	
Kathleen Dove	9 Wakefield Dr. Billings MT. 59101	
Leah Skinn	702 W Maryland Laurel MT 59044	
Dean Scholt	29 Brookpark Dr. Billings, MT.	
Shila Grow	11 Walnut Grove	Billings
Misty Fox	4 Walnut Grove	Billings, mt
Keith Johnson	2820 Alford Dr. #30	Billings, WY
Jenda Party	Rt 1	Bliss, mt.
Bob HARRIS	326 Forrest	Laurel, MT
Neal Watts	2194 Main	Laurel Mont
Larry R Mayes	1316 5 <sup>th</sup> Ave	Laurel MT.
Ray Swann	110 Woodward	LAUREL MT
Paul Nicks	931 8th Ave	Laurel Mt.
MIKE ROUANE	2019 SHAY Rd.	Laurel MT.
Denise Hall	P.O. Box 34	Grey Cliff MT.
Diane Owenen	1034 Montana	Laurel, MT
Bruce Ann Owens	13 Walnut Grove	Blgs MT
STAN KAUTZ	519 FAIRVIEW DR	LAUREL, MT.

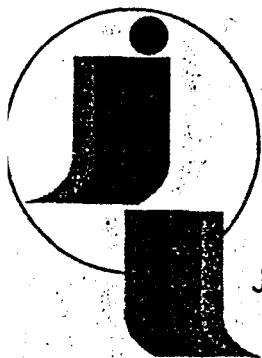
We, the undersigned, hereby go on record as opposing the Senate Bill #396, which is proposed, to place a 5% sales tax on video rentals.

Name (please print)                      Address                      Signature

GAYLE KAUTZ                      519 FAIRWAY VIEW                      Gayle Kautz  
 LAYOYA GONZALES                      1112 8<sup>th</sup> AVE                      Layoya Gonzales  
~~FLOYD BLANK~~ FLOYD BLANK                      3120 VISTA Lane                      Floyd L Blank  
 Rick Kirkness                      1612 Lewis                      Rick  
 Dennis R. Beth                      Box stamped mt.  
 Aimee M. Foster                      Box 203                      Judith Gap MT  
 Melanie Schmidt                      1214 Rosebud Ln. Bq. MT. 59101  
 Scott Schmidt                      1214 Rosebud Ln. Bq. MT. 59101  
 Craig W. Eslinger                      1219 Valley Dr Laurel mt  
 Cathy Gaynor                      518 E. Maryland Laurel  
 Capt. J. Petty                      P.O. BOX 123                      BILLINGS MT  
 James B. Meyer                      1123 N 28th                      Billings, MT  
 Jay E. Blue                      3778 Tabor Dr                      Billings, MT  
 Theresa Shay                      511 1/2<sup>th</sup> Ave.                      59044  
 Betty Shay                      712 8<sup>th</sup> Ave #11                      Laurel Mt 59044  
 Brent                      1011 4<sup>th</sup> Ave                      Laurel mt 59044  
 Michael Paul                      6010 Fairview Lane                      Laurel, MT 59044

We, the undersigned, hereby go on record as opposing the Senate Bill #396, which is proposed, to place a 5% sales tax on video rentals.

Name (please print)	Address	Signature
Dean Adams	Park City, mt. Box 64	Dean Adams
Sharon Raymond	102910th Ave Laurel	Sharon Raymond
<del>KATHI KREINER</del> Kathi Kreiner	512 5th AVE.	Kathi Kreiner
Clara Killebrew	506 West 1st St	Clara Killebrew
<del>Jim Jones</del>	Rd #1	Park City, MT
Sonja Kraft	P.O. Box 361 Park City, MT	Sonja Kraft
<del>David Kraft</del>		
David Kraft	P.O. Box 361 Park City, mt	David Kraft
Cathy K Woodgerd	P.O. Box 14 Laurel, MT	Cathy K. Woodgerd
Tom Hendrix	116 5th Ave Laurel, Mt.	Tom Hendrix
Barbara Christison	301 Forrest Laurel, MT.	Barbara Christison
Uma Shipp	618 Juniper Ave Laurel, Mont	Uma M. Shipp
Leonard R. Christison	301 Forrest Ave Laurel, MT	Leonard Christison
Evelyn Maucher	100 W. Main 308 Cedar Ave #1	Evelyn Maucher
Leahann Seabrook	Laurel, MT	Leahann Seabrook
Greenwalt Dave	16th Beartooth Dr Laurel, MT	Dave Seabrook
LISA Greenwood	1139 Badge St Laurel, mt	Lisa K. Greenwood



Junior League  
of Great Falls, Inc.

RECEIVED

FEB 22 1991

DFS

P.O. Box 2072 Great Falls, Montana 59403  
(406) 761-8030

February 20, 1991

TO: Junior League of Billings Public Policy Committee  
Junior League of Butte Public Policy Committee  
Junior League of Great Falls Public Policy Committee  
Tina Nelson, Chairman of Montana State Council

FROM: Terry Korpela, President Junior League of Great Falls

I received a phone call yesterday, February 19, 1991 from Randy Koutnik, the Vice Chairman of the Children's Trust Fund advising us of a hearing on Senate Bill 396 on Tuesday, 2/26/91 at 8:00 a.m. in the Old Supreme Court Chambers, room 325. Randy is asking for League and individual support on this bill.

Dorothy Eke of Bozeman and vice chairman of the taxation committee is introducing bill 396 which would place a \$.25 surcharge on all video rentals. The money gathered from this surcharge would go to the Children's Trust Fund to fund programs in the area of child abuse prevention.

Randy is asking that we support the theory that child abuse and neglect has not fallen off and is as prevalent as ever. that the necessity to continue prevention programs is quite necessary. He is also asking that we support the concept of the surcharge. That the Children's Trust Fund is not saying that all persons who rent videos are child abusers, but that this is an economical way to fund the prevention programs through a public awareness campaign. With more money to work with, they can fund more prevention programs, and support further legislation to obtain a paid administrator for the CTF. The CTF's bylaws do state that administration costs will never exceed 15% of the total trust fund, so there is not the worry that these new funds would be solely to pay an administrator.

As a courtesy to Randy and the CTF, I did tell him I would pass this information on to you all of you. If you would like to attend the hearing you will need to contact Randy at the Family



page 2  
February 20, 1991

Services Offices in Helena at 444-5900. If you'd like to take a stand on this bill, please contact your local legislator. For your information the taxation committee consists of the following:

Chairman - Halagand - Missoula	Gage - Cut Bank
Vice Chair - Eke - Bozeman	Brown - Whitefish
Doherty - Great Falls	Harp - Kalispell
Thayer - Great Falls	Koehnke - Townsend
Vaulkenberg - Missoula	Yellowtale - Lolo
Towe - Billings	

Please call Randy with any questions or concerns. Thank you.

cc: Randy Koutnik  
Rep. Diana Wyatt

*Randy - hope  
this helps -*



# WOMEN'S PLACE

*Women working together to end domestic and sexual violence*

March 8, 1991

TO: Mike Halligan  
Senate Taxation Committee

FROM: Star Jameson  
Administrative Coordinator

*Star Jameson*

RE: Senate Bill 396

Our organization provides weekly groups for children who are victims of domestic violence or sexual abuse. In 1989-1990, we provided over 1000 hours of group work with these children, assisting hundreds of families confront the difficult issues which violence creates.

The State of Montana received a total of \$50,000 from federal funds to provide services to families suffering from domestic abuse in 1989, and again in 1990. This allotment is based on population. It is divided among more than a dozen established services such as ours, and in no way meets the need of communities trying to establish new services. Other funding sources are the marriage certificate tax, and domestic abuse fines. Services to victims of domestic and sexual abuse in this state (the majority of which are children) are chronically and acutely underfunded. Senate Bill 396 addresses this issue, and offers a creative and long-term solution.

The cost to this State from intergenerational violence is almost incalculable. It's devastating effect is felt in the business sector, in the schools, in alcohol and drug treatment centers, in medical settings and in every City and County Attorney's office, as you well know. Stemming the tide of victimization is a costly and lengthy process which our tax rolls and federal funding are not addressing.

Women's Place was a recipient of a Children's Trust Fund grant in FY '90. It provided the funds to write a much-needed booklet appropriate for teens about relationship violence. It enhanced our voluntary program of speaking in the high schools about family violence. Children's Trust Fund is a stable and proven entity to handle funds such as these.

I urge you to pass Senate Bill 396, and help caregivers across this State provide the services that are so desperately needed.

cc: Governor Stan Stephens  
521 N. Orange Street Missoula, Montana 59802 • 543-7606  
Senator Fred Van Valkenburg

Senator Dorothy Eck

Mike Malen, CTE Board

3-D VIDEO  
Townsend

TO WHOM IT MAY CONCERN:

15

223

We, the undersigned, oppose the establishment of a selective 5% SALES TAX on video rentals as proposed in Senate

SENATE TAXATION

EXHIBIT NO. 15  
selective 3/15/91  
Bill #396.  
CALL NO. 5034

Name (please print) Address Signature

James W. Clark	Townsend 305 N. Oak	James Clark
Lee Menard	Box 933 Townsend	LEE MENARD
Clay Watson	152 Townsend Springville	Clay Watson
Brad Cobban	Winston	Brad Cobban
Johnny Lakesma	Townsend	Johnny Lakesma
George Place	PO Box F Townsend MT	George Place
Kathleen Dhykins	PO Box 1293 Townsend MT	Kathy Dhykins
Jackie Keel	Box 612 Townsend MT	Jackie Keel
PS Buddy	1157 Hwy 12 Townsend MT	PS Buddy
Jeff Marks	3643 Hwy 284 Townsend MT	Jeff Marks
Randy Plymale	20 Lower Rk. Crk. Rd. Townsend Mt	Randy S. Plymale
Marvin Harlow	PO Box 1331 Townsend	Marvin Harlow
Melinda Spatzierath	Townsend	M. Spatzierath
Dave Brannan	Townsend	Dave Brannan
Phonza Youns	Townsend	Phonza Youns
Lois J. Kimpton	Tacton, Mt.	
Shirley J. Moore	Bx. 343 Townsend, MT	59644
Jan Hill	2081 Hwy 281 Townsend MT	59644
P. Hill	8 OVERLAND TRAIL Townsend MT	59644
K Hill	215 N. Pine Townsend MT	59644
Merna Clark	17 Cemetery Ln. Townsend MT	59644
John Robert	208 V Circle Townsend MT	59644
Robert	P.O. Box 969 Townsend MT	59644

Nothing!

Jason Roberts

TO WHOM IT MAY CONCERN:

We, the undersigned, oppose the establishment of a selective  
5% SALES TAX on video rentals as proposed in Senate Bill #396.

Name (please print)	Address	Signature
Paul R. Dudas	Townsend PO Box 687	Paul R. Dudas
Robik Schuster	Townsend, MT.	Robik Schuster
Bobby Clayton	Townsend MT	Bobby Clayton
Wayne Johnson	Townsend MT	Wayne Johnson
Wenny Soback	Townsend MT.	Wenny Soback
Randy & Cindy Ellis	Townsend MT.	Randy Ellis
John W. Ulmer	Townsend MT	John Ulmer
Jerry L. Williams	48th Avenue 437 Toston MT	Jerry L. Williams
Charles H. Hedges	81 S. Park Townsend	Charles Hedges
Leigh Ann Bradley	304 N. Cedar	Leigh Ann Bradley
Chris Blakley	Townsend MT	Chris Blakley
Jim Meyer	Townsend MT.	Jim Meyer
Phyllis Rausser	Townsend	Phyllis Rausser
FRANK Snellman	Toston	Frank Snellman
Judy Rausser	Toston	Judy Rausser
Marilyn Brastup	Townsend	Marilyn Brastup
Lynne B Arensmeyer	Townsend	Lynne B Arensmeyer
Sherri Chichester	Townsend	Sherri Chichester
DAVID WALSH	TOWNSEND	David Walsh
Mike Wells	Townsend	Mike Wells
Jennifer S. Spitz	Townsend Box 574	Jennifer Spitz
Reta G. Theriault	Townsend	Reta G. Theriault
Margene J. Sears	BOX 623 Townsend MT.	Margene J. Sears

TO WHOM IT MAY CONCERN:

We, the undersigned, oppose the establishment of a selective  
5% SALES TAX on video rentals as proposed in Senate Bill #396.

Name (please print)	Address	Signature
Valerie H. Middlemas	TOWNSEND 760 Hwy 12E	Valerie H Middlemas
Betty DeVaney	Box 644 TOWNSEND MT	Betty DeVaney
CHRISTIE MOWERY	BOX 381 TOWNSHND MT	christie mowery
Kathy Mowery	Box 381 Townsend, MT	Kathy Mowery
Lena Clayton	Box 592 Townsend MT	Lena Clayton
DARLEEN J DOIB	217 Melloyed Lawrence	Darleen J Doib
Susie Trent	Box 23 Townsend	Susie Trent
Ellen Larson	Box 313 Townsend	Ellen Larson
Randy Larson	Box 313 Townsend	Randy Larson
Mary Kay Hill	Box 142 Townsend MT	Mary Kay Hill
Sharon Brown	314 Hwy 295 Toston	Sharon Brown
Penny Hoffmann	409 S Oak	Penny Hoffmann
Dana Rausser	Toston, MT 188 Johnson Way	Dana Rausser
Jackie Kumpke	Avon	Jackie Kumpke
Melinda Collins	Ment Hotel Room 1 Townsend, MT	Melinda Collins
Jim Gove	Toston	Jim Gove
Dave Christman	TOWNSEND MT	Dave Christman
Rhyllis Ellison	Townsend	Rhyllis Ellison
Sandie Brunetta	Townsend	Sandie Brunetta
Donald Ledosma	Townsend	Donald Ledosma
Dotter Cobie	Townsend	Dotter Cobie
Sarah MATHE	Townsend	Sarah Mathe
Donna McRudo	Townsend	Donna McRudo

TO WHOM IT MAY CONCERN:

We, the undersigned, oppose the establishment of a selective  
5% SALES TAX on video rentals as proposed in Senate Bill #396.

Name (please print)	Address	Signature
Sherry Seaffield	80 Shelley Rd	Sherry Seaffield
Nancy Woods	81 Silos Rd	Nancy Woods
Donald M. Ball	300 Howe Bay Ln	Donald M. Ball
Bonnie Olsen <del>Donna</del>	724 Lower Deep Ct Rd.	I Bonita Olsen
Carol Marvin	81 Silos Rd.	Carol Marvin
Dolores Pennington	200 S. WALNUT	Dolores Pennington
Delbet Pennington	200 S. Walnut	Delbet Pennington
Ron Campbell	48 Whitehorse Rd	Townsend, MT
Berta Campbell	48 White Horse Rd	Berta Campbell
Del Schulz	108 <del>Townsend</del> Manor Drive	Del Schulz
Andy Copeland	711 Broadway	Andy Copeland
Sianna Lewis	Box 651 Townsend	Sianna Lewis
Vicky Brewer	2655 Hwy 12 W. WBS	
Dave Royie	107 N. WOLIN	Helenas Jewel R 072
Sharon R Potenza	P.O. Box 58	Townsend, MT 59644
Ray Chalk	Box 351	Townsend, MT 59644
Gene Chacano	103 Shively Ln	Townsend MT 59644
Brenda Kelly	Box 406	Townsend MT 59644
Len Ulmer	Box 722	Townsend " "
Jeff Quinn	Box 539	Townsend MT "
Wesley Johnson	Box 1277	Townsend MT 59644
Stacia Wogaman	Box 828	Townsend MT 59644
Jay Hunsaker	Box 849	Townsend MT 59644

TO WHOM IT MAY CONCERN:

We, the undersigned, oppose the establishment of a selective  
5% SALES TAX on video rentals as proposed in Senate Bill #396.

Name (please print)	Address	Signature
GREG WALLACE	BOX 676 TOWNSEND MT	Greg Wallace
MARK T MATTSON	BOX 541 TOWNSEND	Mark T Mattson
Sandy Jones	Box 591 Townsend	Sandra Jones
Dr SPATZIBRAH	Townsend, MT	Victor Spatzibrath
LAUREL OUITT	Po Box 955 Townsend	Laurel Ouitt
<del>MA</del> MARILYN F. BUCKLEY	TOWNSEND	1157 Hwy 12 Marilyn Buckley
Kathy Shindell	Box 686 Townsend	Kathy Shindell
Gerald Lundon	P.O. Box 4793 Helena 59604	Gerald Lundon
J. W. WALTERS	Townsend Box 122	J. W. Walters
Cory O'Brien	Townsend Box 504	Cory O'Brien
DIANE SMITH	Box 23 Townsend, Mt.	Diane Smith
<del>CLING BORG</del> Linda Borg	Box 788 Townsend, Mt.	Linda Borg
Libby Campbell	Townsend Box 260	Libby Campbell
<del>W. W. WALTERS</del>	Townsend Box 35	
D. Bennett	Townsend 46 Carson Ln.	Daniel B Bennett
Lenna Spitzbrath	Townsend MT	Lenna Spitzbrath
David Middlemas	Townsend MT	David W. Middlemas
Broken Ecker	Townsend MT	Broken Ecker
Pat Whitney	Townsend MT	Pat Whitney
Don Holmes Jr	" "	Don Holmes Jr
Dixie A. Merritt	" "	Dixie A. Merritt
Julie Dell	Winston, Mt.	Julie A. Dell
MAIL SPATZ	Townsend, MT:	Mail M. Spitz

TO WHOM IT MAY CONCERN:

We, the undersigned, oppose the establishment of a selective  
~~5% SALES TAX~~ on video rentals as proposed in Senate Bill #396.

Name (please print)	Address	Signature
Karen Oelschlager	P.O. Box 811 Townsend, mt 59644	Karen Oelschlager
<sup>SIBYL MILLER</sup> Sibyl Miller	P.O. Box 822 Townsend MT 59644	Sibyl Miller
Felicia Wallace Arlene Allen	P.O. Box 696 Townsend MT 59644	Felicia Wallace
Arlene Allen	Box 541 Townsend mt 59644	Arlene Allen
<sup>Bonnie Thompson</sup> Bonnie Thompson	Box 153 Winsten mt	Bonnie Thompson
<sup>Kevin Brewer</sup> Kevin Brewer	2655 Highway 12W White Sulphur Spgs mt	Kevin Brewer
<sup>ERIK JOHNSON</sup> Erik Johnson	Box 1338 TOWNSEND MT	Erik Johnson
<sup>LEAH MENARD</sup> Leah Menard	Box 57 Townsend MT	Leah Menard
<sup>ROBERTA LADINDER</sup> Roberta Ladinder	33 Parkers Loop Toston, MT 59643	Roberta Ladinder
<sup>KATHY LUTHER</sup> Kathy Luther	623 Broadway Helena, mt	Kathy Luther
JAMES F. THRASHER	P.O. Box 86 Toston	James F. Thrasher
Mary-Jo V. Quinn	Toston	Mary-Jo V. Quinn
Mary-Jo V. Quinn	274 Mill St.	Mary-Jo V. Quinn
Donna Scapellato	410 N Spruce Townsend mt	Donna Scapellato
KATHY LUTHER	414 N Cedar on road with box 400	Kathy Luther
Shirley Drake	400 Walnut Townsend mt	Shirley Drake
Wendy King	Toston, MT	Wendy King
Juanita Swengood	Box 35 Townsend mt	Juanita Swengood
Dana Justice	Box 1312 Townsend MT	Dana Justice
Trilby Kasper	Box 801 Townsend, MT	Trilby Kasper
FRED LAWRENCE	P.O. BOX 15 MT. VERNON WA. 98223	FRED LAWRENCE
<sup>LONNIE MOSTAD</sup> Lonnie Mostad	Box 1257 Townsend MT	Lonnie Mostad
<sup>KIM TONEY</sup> Kim Toney	Box 347 Townsend MT	Kim Toney
<sup>ALAN T. BERG</sup> Alan T. Berg	P.O. Box 789 TOWNSEND MT 59644	Alan T. Berg



TO WHOM IT MAY CONCERN:

We, the undersigned, oppose the establishment of a selective  
~~6% SALES TAX~~ on video rentals as proposed in Senate Bill #396.

Name (please print)	Address	Signature
Bicky Moon	1021 5 <sup>th</sup> Ave Helena, Mt. 59601	<i>Bicky Moon</i>
Kathleen S. Smet	Bx 815 Townsend	<i>Kathleen S. Smet</i>
Sandra Clay	Helena	<i>Sandra Clay</i>
ROBERT D. WEBSTER	104 ANTELOPE RD. TOWNSEND, MT.	<i>Robert D. Webster</i>
Monty Johnson	16 N. Fork Rd. Townsend, MT. East Helena	<i>Monty Johnson</i>
Bobby Hedelen	2674 Cobble Drive	<i>Bobby Hedelen</i>
Lyle Schupe	12 E Townsend	<i>Lyle Schupe</i>
Ray Daggert	Townsend Mt.	<i>Raymond J. Daggert</i>
Busta Johnson	Townsend Mt	<i>Busta Johnson</i>
Jeff Pool	Townsend Mt.	<i>Jeff Pool</i>
ALAN CHARLES	Townsend, MT.	<i>Alan Charles</i>
Jean Anderson	Townsend MT	<i>Jean Anderson</i>
Lorraine Jew	Townsend Mt.	<i>Lorraine Jew</i>
Grace C. Hoggan	86 Antelope Townsend	<i>Grace C. Hoggan</i>
Jill Murphy	Box 498 White Sulphur	<i>Jill Murphy</i>
Konkelton	Box 294 Mandan, Mt.	<i>Konkelton</i>
Kathy A. McJannet	PO box 709 Townsend, Mt.	<i>Kathy A. McJannet</i>
<i>[Signature]</i>	P.O. Box 1235 Townsend MT,	<i>[Signature]</i>
Donald J. Zapinsky	1420 1/2 Phoenix Ave Helena MT.	<i>Donald J. Zapinsky</i>
Jim Durr	TOWNSEND MT	<i>Jim Durr</i>
Spalding Kinnert	Townsend MT	<i>Spalding Kinnert</i>
MURIEL HENRY	Townsend, MT	<i>Muriel Henry</i>
Bob Begley	Townsend, MT	<i>Robert E. Begley</i>


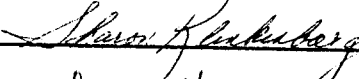
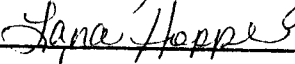
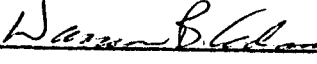
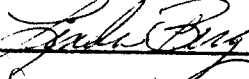
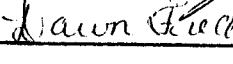
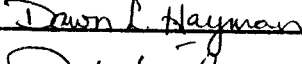
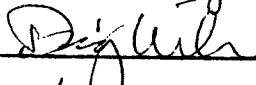


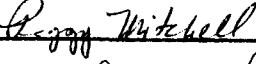


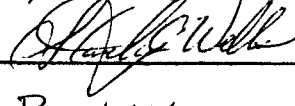

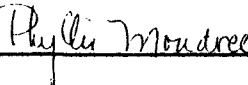
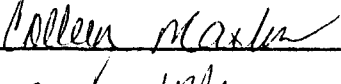
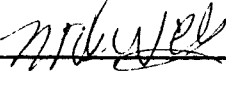
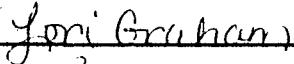
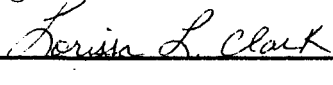
TO WHOM IT MAY CONCERN:

We, the undersigned, oppose the establishment of a selective  
5% SALES TAX on video rentals as proposed in Senate Bill #396.

Name (please print)	Address	Signature
Debbie Tew	Townsend, MT	Debbie Tew
Long Ellis	Townsend, MT	Long Ellis
Carl Ellis	Townsend, MT	Carl Ellis
Jeanne Hopper	Townsend, MT	Jeanne Hopper
Pammy Longfellow	Townsend, MT	Pammy Longfellow
Doug Longfellow	Townsend, MT	Doug Longfellow
Ronald J. Jones	Townsend, MT	Ronald J. Jones
Robert E. Jones	"	Robert E. Jones
Joni Schaub	MISS 59645	Joni Schaub
Caren J. Bell	Townsend, MT	Caren J. Bell
Susan Blohm	Helena, MT	Susan Blohm
Jerry Blohm	Helena, MT	Jerry Blohm
David Walsh	Townsend, MT	David Walsh
Roger Hamilton	Belgrade	Roger Hamilton
Clint Tew	Townsend, MT	Clint Tew
Kim Cheff	Townsend, MT	Kim Cheff
Patricia Cummings	Townsend, MT	Patricia Cummings
Edna Cummings	"	Edna Cummings
Deanna Williams	Townsend, MT	Deanna Williams
Bill Mowery	Townsend, MT	Bill Mowery
Audrey Dewar	Townsend	Audrey Dewar
Jack Dewar	Townsend	Jack Dewar
Ray Charles	Townsend	Ray Charles

TO WHOM IT MAY CONCERN:

We, the undersigned, oppose the establishment of a selective ~~S&S~~ SALES TAX on video rentals as proposed in Senate Bill #396.

Name (please print)	Address	Signature
Chris Anderson	Townsend P.O. Box 442	
Sharon Klutkeberg	Townsend P.O. Box 1101	
Lana Hoppe	Townsend P.O. Box 954	
WARREN B. ADAMS	6999 Hwy 287 Townsend	
Lynna Begg		
Linda Begg	P.O. Box 788 Townsend	
Dawn Field	Townsend	
Dawn Field	2927 Hwy 287	
Dawn Hayman		
Dawn Hayman	Box 99 Townsend	
Doug Wilson	Box 285 TOWNSEND	
Todd Anusick	Box 285	
Patti Anusick	Box 785	
Peggy Mitchell	Townsend, MT Box 573	
Adalce Plummer	Box 33 - Townsend	
Gay Grimsrud	Box 1191 Townsend	
Steve Wells	#50 Lakewood Manor Stacks Townsend, MT	
Ronald K. Gales	P.O. Box 551 TOWNSEND MONT	
Phyllis Moudree	96 Shelley Rd. Townsend, MT.	
Susan Spatzierath		
Susan Spatzierath	P.O. Box 459 Townsend,	
Martin Colleen	P.O. Box 249	
Mike Wells	P.O. Box 477 Townsend	
Jori Graham	Box 567 Townsend MT	
Lorissa L. Clark	P.O. Box 39	
Lenny I. Barron	TOWNSEND MT	
Carol A Barron	Box 1339 TOWNSEND, MT.	





TO WHOM IT MAY CONCERN:

We, the undersigned, hereby go on record as opposing the Senate Bill #396, which is proposed, to place a 5% sales tax on video rentals.

Signature	Address	Print name
Cynthia Semmeling	98 MERRIDAN, VAUGHN	CYNTHIA Semmeling
Jeffery M Semmeling	"	Jeffery M Semmeling
Forst R. Eichhorn	Sun River, MT 59483	FORST L. EICHORN
Joyce Odgaard	Sun River, MT 59483	Joyce Odgaard
Terry Clarke	Sun River Mt	Terry Clarke
M. J. Paul	Sun River	M. J. Paul
David Rarke	Sun River	DAVID RARKE
C. Rains	"	A. RAINES
Carl Edmonds	78 Countryside Village	Carl L. Edmonds
Dorothy Wardner	Sun River	
Joe Treuting	FT Shaw, mt	
Alvin Comphouse	Vaughn	
Della J Roe	Box 33 Sun River Mont	Della J. Roe
Mick Mystawitz	Sun River, mt Riverwood Ranch	Mick Mystawitz
Albert R Curtis	Vaughn Box 353 200 Webbe	Albert R Curtis
Doreen Gondero	Sun River MT	Doreen Gondero
Shawn Steinhil	Fort Shaw	Shawn Steinhil
Gordon Kalista	Sun River Mont	GORDON KALISTA
Terry Sharette	976 Est Pol S.O.	TERRY SHARETTE
Sharon Corby	Box 157 Ft Shaw	SHARON CORBY
Joy Campbell	Box 61 Sun River	Joy CAMPBELL
Jack M Raty	Rte 1 Fort Shaw	JACK M RATY
Paul Volkmar	893 Hwy 89 Sun River	Paul W Volkmar
Alvie Jackson	13492 State Hwy 200	Alvie Jackson
Patrick J Merja	805 Leistikow Rd Sun River MT.	PATRICK J MERJA
Hal P Davier	Box 725 Dragon Hill Rd Vaughn	Hal P Davier

TO WHOM IT MAY CONCERN:

We, the undersigned, hereby go on record as opposing the Senate Bill #396, which is proposed, to place a 5% sales tax on video rentals.

signature	address	Print name
June Davies	Box 106 Vaughn Mt. 59487	JUNE DAVIES
R. M. Reifer		R. M. Reifer
Kim Eichhorn	28 SRC Rd, Sun R. MT 59483	Kim Eichhorn
Steve Lowry	907 OS St Sun River	Steve Lowry
Steve Reverts	824 US Highway 89 Vaughn MT 59485	Steve Reverts
Pat Norris	301 Lambun Ln Rd. Shaw	PAT NORRIS
Riley U Denning	Sun River	Riley U Denning
Edwin Earl Conby	8057 Ford Shaw	EDWIN E Conby
Mary L. Giard	Sun River MT.	MARY L. GIARD
Harper L. Giard	Sun River MT	Harper L. Giard
Cindy Myskewitz	Sun River	Cindy Myskewitz
Cindy Skelton	Vaughn	Cindy Skelton
Teresa Huffman	Fort Shaw	Teresa Huffman
Charla A. Merje	Sun River	Charla Merje
Pat Volkmar	Fort Shaw	Pat Volkmar
Lyle P. Fieger	FORT SHAW	Lyle P. Fieger
Lavada Clarke	Sun River	LAVADA CLARKE
Connie M. Kinsley	228 Mill Creek Rd Ft Shaw 59487	Connie M Kinsley
Roy A. Burks	19 FAUNA LN VAUGHN	Roy A Burks
Martha Lee	996 S R. Cas Rd. MT Sun River	Martha Lee
Trish Tothill	Box 3 Sun River	Trish Tothill
Charles Tothill Jr	Box 3 Sun River	Charles Tothill Jr.
Ron Michaelson	Box 116 VAUGHN	Ron Michaelson
Judy Gasvoda	Sun River	Judy Gasvoda
Connie Sisko	Sun River, MT.	Connie Sisko

On February 20, 1991 Barbara Eck, a representative from Bozeman introduced Senate Bill #396 which would levy a 5% SALES TAX on every video rental. It is in all our best interests to fight passage of this bill in every way we can.

TO WHOM IT MAY CONCERN:

We, the undersigned, hereby go on record as opposing the Senate Bill #396, which is proposed, to place a 5% sales tax on video rentals.

Name (please print)	Address	Signature
Jamie Jones	Box 341 Vaughn, MT	Jamie Jones
Wesley D. Albrecht	Ft Shaw, mt	Wesley D. Albrecht
Colleen Green	Summers, mt	Colleen Green
Ed Sisco	Box 46 Sun River, MT.	Ed Sisco
Brenda Anderson	154 10 <sup>th</sup> Ave Ft Shaw	Brenda Anderson
Donald C. Hadley	154 10 <sup>th</sup> Ave	Donald C. Hadley
Cornie Matthews	Box 44 SUN RIVER, MT	Cornie Matthews
Dolores McCrory	Sun River, mt	Dolores McCrory
Chuck Merz	Sun River	Chuck Merz
Judy E. Turvey	Sun River	Judy E. Turvey
<del>Judy E. Turvey</del>	FT. Shaw	<del>Judy E. Turvey</del>
Sandra Wiseman	Ft Shaw	Sandra Wiseman
Eddie Schroedel	Ft. Shaw	Eddie Schroedel
Theresa Pfeiffer	Sun River	Theresa Pfeiffer
Peggy Feeder	Vaughn mt	Peggy Feeder
Vivian McGillis	Sun River	Vivian McGillis
Danny Shanahan	Ft Shaw	Danny Shanahan
Dale L Hensley	Box 563 Fairfield, MT	Dale L Hensley
David French	200 Choteau <sup>SUN</sup> River mt	David D. French
Katherine L Brown	Box 155 Ft Shaw	Katherine Brown
Deanne Antreich	32 S.R. Cascade	Deanne Antreich
Robert Antreich	32 S.R. Cascade	Robert Antreich
Kathy Young	Rte. 1, Box 116, Fairfield	Kathy Young
Wanda Askeland	Ft. Shaw	Wanda Askeland
Bill Barton	Vaughn	Bill Barton
DAVID L. DOBBINS	Power	David L. Dobbins
Tennie Medina	PO Box 126 #514, MT.	Tennie Medina
R. RANDALL PARSONS	Box 445 Cascade, mt.	R. Randall Parsons
Elliot Mesja	207 Leistik Rd	Elliot Mesja
Justin Schott	PO Box 25 Summers Mont	Justin Schott
Kevin Lee	Box 48 OFFSHORE.	Kevin Lee
Colin Niffert	Box 72	Colin Niffert