

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Mike Halligan, on February 17, 1993,
at 8:00 a.m.

ROLL CALL

Members Present:

Sen. Mike Halligan, Chair (D)
Sen. Dorothy Eck, Vice Chair (D)
Sen. Bob Brown (R)
Sen. Steve Doherty (D)
Sen. Delwyn Gage (R)
Sen. Lorents Grosfield (R)
Sen. John Harp (R)
Sen. Spook Stang (D)
Sen. Fred Van Valkenburg (D)
Sen. Bill Yellowtail (D)

Members Excused: Sen. Tom Towe (D)

Members Absent: None.

Staff Present: Jeff Martin, Legislative Council
Bonnie Stark, Committee Secretary

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

Committee Business Summary:

Hearing: SB 325, HB 283, HB 327
Executive Action: None.
Discussion: SB 235, SB 283

HEARING ON SB 325

Opening Statement by Sponsor:

Senator Tom Beck, representing Senate District 24, presented SB 325, which is a bill to clarify the interest that is subject to the Beneficial Use Tax. Senator Beck said this bill stems back to the time the Bonneville Power Administration built their line across the State, and it specifies in the law that the tax is on the separate private interests of the tax exempt property. The Courts have upheld all the beneficial use challenges on the taxation of the private interests in the Bonneville Power line, and not on the government's property, itself.

Informational Testimony:

Dave Woodgerd, Chief Legal Counsel, Department of Revenue (DOR), said the reason for SB 325 is to make it clear that Montana's law is taxing the separate private interest in the tax-exempt property.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Gage asked Dave Woodgerd if the Bonneville Power Administration (BPA) has any interest in the power lines. Mr. Woodgerd said the BPA has a contract to use the lines, but when their contract runs out, they have no further interest.

Senator Gage asked why allow the Beneficial Use Tax to get a credit for the payments in lieu of taxes which are paid on the power line. Paul Van Tricht, Department of Revenue, the attorney who represented the State in the BPA Beneficial Use Tax lawsuit against the State, said the rationale is that you have a Beneficial Use Tax when the property is exempt from taxation. If the Federal government came in and paid money in lieu of taxes, then the logic for the Beneficial Use Tax, which is a replacement for the taxes the state would normally get, would diminish, because the Federal government has, in essence, come in and paid what it would have paid in taxes if it had been taxed. However, the Federal government hasn't done that in the case of the BPA lines.

Senator Gage said there are two different taxes involved; one on the use and the benefit they get from the use, and the other is on the property. He said it doesn't seem that one should necessarily coincide with the other.

Closing by Sponsor:

Senator Beck asked the Committee to pass SB 325 because it will give a more stabilized Beneficial Use Tax.

HEARING ON HB 327

Opening Statement by Sponsor:

Representative Ed McCaffree, House District 27, presented HB 327 which is a bill providing that the \$5 minimum property tax assessment payment will apply to both real and personal property,

and it does not apply to governmental entities unless the total of the levied amounts is less than \$5. Senator McCaffree said in many cases there are taxes on lots in ghost towns that amount to a few cents, and the County Treasurer's processing time amounts to more than the actual tax. In 1991, the Legislature passed the \$5 minimum property tax law. Since enactment, there have been legal questions whether the tax applied to real property or personal property. The decision was made that the \$5 minimum property tax law applied only to real property. HB 327 will apply the \$5 minimum tax to both real and personal property. Where cities own several portions of property of minimal tax, rather than pay \$5 on each one, HB 327 will allow several lots to be bunched together and the \$5 tax applied to all of the lots.

Proponents' Testimony:

Cort Harrington, Montana County Treasurer's Association, spoke in favor of HB 327, saying the County Treasurers have asked that this bill be passed.

Lynn Moon, City of Helena, spoke in favor of HB 327. Ms. Moon said that last year, because of lack of clarification in the previous bill, the City of Helena had to pay \$500 on small remnants of land which had 2-cent special assessment taxes due.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

None.

Closing by Sponsor:

Senator McCaffree offered no further comments on closing.

HEARING ON HB 283

Opening Statement by Sponsor:

Representative Jim Elliott, House District 61, presented HB 283, which is a bill attempting to correct the problem the State of Montana is having with collecting the lawfully-imposed tax on non-Tribal sales of cigarettes on Reservations. Rep. Elliott said HB 283 also attempts to end an unfair competitiveness practice under the current system, which allows stores on Reservations owned in part by a Tribal member to enjoy marketing a tax benefit over other stores on that Reservation.

The history of the Tribal tax issue, according to Rep. Elliott, is that the U. S. Government granted Tribes immunity from state taxes. The State Department of Revenue wants to collect taxes that it has lawfully imposed on the sale of cigarettes to people who are not Tribal members. In a 1990 Oklahoma case, the Supreme Court ruled that the State has a legitimate interest and can collect taxes on cigarettes sold on the Reservation to non-Indians, and they may also impose a quota system to do this.

Rep. Elliott said in 1979, only 4% of the cigarette sales in Montana were tax-exempt sales. By 1990, 29% of the sales of cigarettes in Montana were tax-exempt and sold on Reservations in the state. Rep. Elliott presented and explained Exhibit No. 1 to these minutes.

In the 1991 Legislature, House Bill 1012 was presented which was a similar bill to this bill, HB 283. During that session, the Senate cut out the quota, and what came back to the House was a bill that said the Department of Revenue would study the issue and enter into negotiations with the various Tribes. Since the enactment of that bill and today, four Tribes (Rocky Boy, Crow, Northern Cheyenne, and Fort Peck) have negotiated agreements on cigarette taxation with the State of Montana, and three Tribes (Blackfeet, Flathead, and Fort Belknap) have not. If passed, HB 283 will respect those negotiated agreements and, on July 1, 1993, the Department of Revenue will have the authority to impose a quota system on those Tribes which still do not have an agreement with the State of Montana. HB 283 defines the quota, which is the national consumption of cigarettes times the number of enrolled Tribal members living on the Reservation, determined by the U. S. Census. HB 283 also leaves an opening for Tribes with existing negotiated agreements to re-negotiate that quota. The quota will change every fiscal year to reflect the number of enrolled Tribal members then living on Reservations.

Rep. Elliott said the national consumption average of cigarettes is 97 packs per year per man, woman and child down to the age of one day old. In Montana, the consumption average is 88 packs per year on the same population. The DOR's use of the national average in HB 283, rather than Montana's average, is more generous. HB 283 will allow the Tribes to get out of the agreement with one year's notice, and has revenue-sharing language with the Tribes if a similar tax is collected by the Tribes.

On taxes collected at the wholesale level, stamps will be required on all cigarettes sold in the State of Montana, and wholesalers will be allowed a rebate for the number of cigarettes that are apportioned to the Reservations in their wholesaling district. The fiscal note estimates the State of Montana will collect \$700,000 in tax revenue.

Rep. Elliott said this is not an effort to tax Tribal members for any cigarettes consumed on the Reservation. It is an effort to collect taxes legally imposed on non-Tribal members.

Proponents' Testimony:

Senator Barry "Spook" Stang, spoke as a representative of Senate District 26, and as a retailer of a business located just off the Flathead Reservation. Senator Stang said that before the Tribes started selling cigarettes without collecting the tax, his business sold 50%-60% of their cigarettes to people from Washington and Idaho. Since the Tribes started selling cigarettes without collecting the taxes, his cigarette trade dropped 50%. This issue has been a concern of the food distributors in Montana who feel the quota system should be imposed on the Tribes so non-Tribal businesses off the Reservations are on equal footing with Tribal businesses on Reservations. Senator Stang said this has been a tax evasion which has harmed the people in the State of Montana.

Bill Stevens, Montana Food Distributors Association (MFDA), spoke in favor of HB 283. Mr. Stevens said the sole purpose of HB 283 is to try to provide a level playing field in terms of the sale of cigarettes for MFDA grocers throughout the state.

Opponents' Testimony:

George Oschenski spoke in opposition to HB 283 as a representative of the Confederated Salish and Kootenai Tribes.

James Weber, Tribal Attorney for the Confederated Salish and Kootenai Tribes, said the Tribe's major objection to HB 283 is the constitutional problem with the bill. Mr. Weber said HB 283 does not provide any mechanism for allocating the arbitrary quota that is set in the bill, for implementing the quota, and for insuring that Tribal members receive the tax exemption they are entitled to under Federal law, regardless of whether the arbitrary quota has been exceeded. Mr. Weber said the Confederated Tribes are continuing to enter into an agreement with the State of Montana, but in the absence of that agreement, the State must establish a system that assures that Tribal members will receive the tax exemption they are entitled to under Tribal law. Mr. Weber spoke of the unilateral rights the Tribe has for imposing various taxes within the Reservations. Mr. Weber said the DOR is saying the state has suffered tax losses on cigarette sales; however, the State has, for a number of years, imposed its gasoline tax on both the Tribes and individual Tribal members. Mr. Weber said that in addition to negotiating agreements on the cigarette tax, the Tribe is trying to negotiate an agreement on the gasoline tax. Mr. Weber further said it is within the authority of the Tribes to unilaterally seek a judicial solution, and if the Tribe seeks a judicial solution, it won't be a solution to bar the illegal taxation of Tribal members

and the Tribes, themselves, in the future, it will be a legal action to recover the back taxes the State has illegally enacted.

Mr. Weber said he had some technical comments about HB 283. He believes Section 3 (2) and (3) should be clarified to make it clear that those subsections only apply in cases where there is a Tribal agreement in place. Section 7 provides an enforcement mechanism and provides for expenses of law enforcement agencies to be reimbursed out of the sale of seized contraband. Mr. Weber said this section would apply if there is a Tribal/State agreement. If there is such an agreement, the Tribe would be looking to Tribal law enforcement to aid in the enforcement of the agreement. Mr. Weber said Section 7 should be amended to allow reimbursement of Tribal law enforcement expenses related to cigarette violations as well as local, state and federal law enforcement expenses. Mr. Weber further said he believes Section 13 should specifically refer to HB 92.

Margaret Hall, a member of the Flathead Tribe, is an independent business person on the Reservation. Ms. Hall said she does sell tax-free cigarettes, and she is opposed to HB 283. Ms. Hall said she employs 22 people and, besides herself, only three are Tribal members. She believes by cutting down on her sales, she will have to lay people off, which will place these people on welfare rolls and they would not be paying income tax. Ms. Hall said she is not the only business person on the Reservation who employs non-Indian help. She said her Tribe has been working for a Tribal/State agreement, and she doesn't know why this issue is before the Legislature when the agreements are being worked out.

Randy Walton of Ronan, said his wife has a small Tribal cigarette store on the Reservation. Mr. Walton said the reason he is against HB 283 is that he borrowed money five years ago, and put in \$25,000 of his own money, to buy his wife's store. He feels he has 15 years of his life invested in this store and if HB 283 is passed and a quota system is imposed, he will be out of business. He said he has a \$100,000 note to pay off and would not be able to pay back this debt without having the income from the business.

Informational Testimony:

Charlotte Maharg, Department of Revenue, addressed Exhibit No. 1 as being the basis for HB 283, and further explained the charts and graphs included. Ms. Maharg pointed out the drop in exempt sales of cigarettes from 29% in 1991 to 16% in 1992, which she credited to the effectiveness in enforcement activities and negotiations with the Tribes.

Ms. Maharg said there are Federal charges against nine people in Montana involving 2800 counts of Federal racketeering, money laundering, and trafficking in contraband cigarettes. The money involved in those particular charges is \$46 million, which

included a \$16 million loss in tax revenue to the State of Montana.

The final page in Exhibit No. 1 estimates what the 1993 exempt sales should be. If the quota agreements are put into place, the exempt sales should be around 300,000 cartons of cigarettes, or 3.9%.

Ms. Maharg said the focus of HB 283 is not on taxing Indians, but on non-Indians buying cigarettes illegally. She said because Montana doesn't stamp all the cigarette cartons sold, and because the state hasn't controlled its own problem in-house, it opens the state up to be unwilling accomplices to some illegal activity.

Questions From Committee Members and Responses:

Senator Gage asked James Weber about the provision in HB 283 that says the Tribes must enact a cigarette tax identical to the state tax. The theory is that Tribal members would be paying the Tribal tax, and non-Tribal members would be paying the state tax. The state would collect those funds and on an agreed-upon basis, would remit the Tribe's share of the Tribal tax on Tribal members to the Tribes. If this theory actually works, would Mr. Weber have any trouble with the constitutionality of this, other than the fact that the quota system doesn't necessary mean that the Tribal members are smoking just that amount of cigarettes. Mr. Weber said he is not sure what Section (2) means when it refers to a tax that is paid under identical conditions as those imposed by the state. His interpretation would be that it is referring to a Tribal tax on non-members, which would be an identical tax to the tax the state is imposing. Tribes in general have the authority to tax both non-member purchases, and member purchases, on the Reservations. Mr. Weber said the Tribal Constitution on the Flathead Reservation bars the Tribe from imposing a tax assessment on Tribal members, absent a referendum by the Tribal membership. In general, he doesn't see a constitutional problem with Tribes imposing a tax either on non-Indians or on their own Tribal members. But his assumption is, from the language that addresses the dual taxation, which is the taxation of non-members by both the state and the Tribe, that this section is referring to a Tribal tax on non-members.

Senator Stang said he sat through the House hearings on HB 283 and the Tribal attorney present said the Tribe opposed this bill minimally and offered certain amendments. The House put on the amendments and assumed this took care of all the problems. Senator Stang asked Mr. Weber the reasons for the smoke screen now. Mr. Weber said his understanding is the testimony at the House hearing suggested the amendments that were made, but also pointed out the problem with setting an absolute quota in the absence of a Tribal/State agreement, and pointed out the fact that HB 283 lacks any sort of instruction about implementation in the absence of a Tribal/State agreement. Mr. Weber said the

problem is the bill unilaterally establishes a quota, but says nothing about how you assure that the quota cigarettes get to the Tribal members who are entitled to the tax exemption. It also says nothing about what happens if the quota cigarettes are properly sold to Tribal members and, at the end of the year, the quota has been reached and there are Tribal members who want to buy cigarettes. Mr. Weber said the Federal law isn't that the exemption exists until the quota is met, but that the exemption exists, period. A mechanism would have to be set up by the state in the absence of a Tribal/State agreement to assure that the exemption is honored.

Senator Stang asked Bill Stevens is there are any records of the number of jobs lost by people off the Reservations when the Tribes started illegally selling cigarettes on Reservations. Mr. Stevens does not have those figures, but he assumes it would be a comparable amount as to those Ms. Hall was referring to in her testimony.

Senator Yellowtail asked Charlotte Maharg about the status of negotiations with the various Tribes. Ms. Maharg said agreements were executed in late summer and early fall of 1992 with the Rocky Boy, Crow, Northern Cheyenne, and Fort Peck Tribes, and are effective beginning in January of 1993. Dave Woodgerd said the DOR has met with the Blackfeet, Flathead and Fort Belknap Tribes at least a couple of times, but agreements have not been negotiated. Mr. Woodgerd said the bill last legislative session required the DOR to negotiate these agreements, and the Department has been meeting with the Tribes since that bill was passed. He said no progress is being made, and the DOR doesn't believe they will make further progress, in negotiating agreements with the remaining three Tribes without some further action on the part of the Legislature. This is why the DOR is asking for the quotas at this time and Mr. Woodgerd doesn't think the DOR will get an agreement unless the quota system is in place or capable of being put in place.

Senator Yellowtail asked Jim Weber if it is his opinion that an agreement will not be reached. Mr. Weber said he does not agree with that and the Tribe is prepared to negotiate. He said there has been a lull in negotiations, mostly because there has been a change in personnel in the state negotiating team as well as the Tribal representatives.

Senator Doherty asked Mr. Weber about his statement on the possibility of lawsuits for back gasoline taxes which the Tribe contends were illegally levied, and if Mr. Weber had any idea how much that amount would be. Mr. Weber said he did not have that information. Senator Doherty asked if there have been similar lawsuits filed in other states, and what is the outcome. Mr. Weber said there have been lawsuits, but he is not sure if they dealt with the gasoline taxes. He successfully handled a lawsuit in California involving indirect taxation of Tribal timber by that state. Senator Doherty asked what the outcome would be if

the Tribes in Montana pressed such a lawsuit on gasoline taxes. Mr. Weber said he believes the outcome would be that the Court would find that the State does not have authority to tax either Tribal members or the Tribal government for gasoline purchases.

Senator Doherty asked Dave Woodgerd for his opinion about the likelihood of such a lawsuit. Mr. Woodgerd said the King-Cartwright Act authorizes states to impose gasoline taxes upon Reservations, however that Act has not been litigated. Until the issue is litigated, no one knows the answer to that question. The State of Montana's position is that the state has a legal right to impose that tax.

Senator Gage asked that if the Flathead Tribe does not pass a referendum with regard to taxation on cigarettes, and cannot enforce or implement a tax identical to the state tax on cigarettes, what happens to HB 283 as far as the Flathead Reservation is concerned. Mr. Woodgerd said the agreements entered into with the other four Tribes do not involve a tax imposed by the Tribes. Those Tribes have decided not to impose a tax, so the agreement with them is that they will police their own members to try to insure that only Tribal members purchase the tax-free cigarettes. Those Tribes have agreed to enforce the quota. The State has, in turn, agreed to allow the Tribes to allocate the quota.

Senator Gage asked Ms. Maharg for clarification of the 1993 quotas to the Northern Cheyenne Reservation. She explained that not as many members on that Reservation smoke cigarettes, but they are allotted their quota on the number of members in the Tribe.

Senator Brown asked Mr. Weber about the total enrollment on the Flathead Reservation. Mr. Weber said the total membership is between 5,000 and 6,000, and roughly half of those people live on the Reservation. Mr. Weber said there are census figures available. Senator Brown asked if sales of quota cigarettes to Tribal members could be policed easiest by having Tribal identification cards for Tribal members. Mr. Weber said that would be an option, but there would be some administrative costs involved.

Senator Eck asked Mr. Weber what kinds of agreements would need to be made for a sales tax and could that be molded into an agreement on cigarettes as well. Mr. Weber said he thought similar mechanisms could be used under a sales tax agreement, but since a sales tax does not exist, he thought it is not included in the statute that authorizes the agreements. He said negotiation of agreements would be desirable, but he doesn't think it would be legally required of the state as long as the state implemented a system that assures that Tribal members receive the exemptions to which they are entitled under Federal law.

Senator Eck asked Rep. Elliott about the hardships of the businesses on the Flathead Reservation on the basis of current practice in illegal sales of cigarettes. Rep. Elliott said these businesses have made a significant investment based on an economic decision that, unfortunately, involves making money off an illegal act. Rep. Elliott said it is illegal in the State of Montana to not collect the tax sold on cigarettes to anyone who is not a Tribal member. He said some people may lose their jobs because of a decrease in illegal cigarette sales on the Reservations, but they will be picked up somewhere else.

Senator Stang questioned Dave Woodgerd about the lack of agreements and the method of implementation of HB 283, and if an agreement is reached, if the language in HB 283 would be part of the agreements, and if the Tribes issued IDs and only tax-exempt cigarettes could be sold to Tribal members, would the DOR renegotiate the quotas each year based on the number of Tribal members buying cigarettes. Mr. Woodgerd said this is true, and in the Fort Peck Tribe agreement, the vendors will keep track of who they are selling cigarettes to, and if the quota runs out, the Tribe will come to the DOR for renegotiating the quota.

Senator Stang asked that if a State/Tribal agreement is not worked out, and the DOR imposes quotas, and, at the end of the year if the Tribes can prove that they sold more cigarettes to their Tribal members, would the DOR have to re-negotiate those agreements based on the amounts the Tribes have sold to their members? Mr. Woodgerd said he believed this is true. Mr. Woodgerd said there is no problem with the constitutionality of HB 283 as written, but he would agree with Mr. Weber that it could be unconstitutional in its implementation if it somehow works to deprive Tribal members tax-free cigarettes. If that situation arose, it would be incumbent upon the DOR to make sure the quota was rearranged in such a way that all Tribal members could purchase cigarettes tax-free.

Senator Stang asked if the Tribal attorney's testimony during the House hearing on HB 283 was that the Tribe was not in serious disfavor with this bill because the Tribe was trying to come up with a mechanism on the Reservation to issue Tribal IDs and enforce their own regulations on cigarette dealers on the Reservation. Mr. Woodgerd said this is the way he remembered the testimony by the Tribal attorney at the House hearing.

Senator Van Valkenburg, relating to the question by Senator Yellowtail on whether this legislation is premature, asked Mr. Woodgerd how many other agreements have been reached with the Flathead, Blackfeet, and Fort Belknap Tribes. Mr. Woodgerd said he is not familiar with any agreements other than the Fish and Game agreements, and that there is a gaming agreement with only one Tribe, the Fort Peck Tribe.

Senator Van Valkenburg questioned Mr. Weber about any agreements reached with the Flathead Tribe besides the Fish and Game agreement. Mr. Weber said he is not aware of any other agreements.

In light of the time involved in the Federal indictment against the people involved in the illegal cigarette sales issue which may take another year or so, Senator Halligan asked if the effective date of HB 283 should be more sensitive to the negotiation process, and if this would be acceptable to the DOR. Mick Robinson, Director of the Department of Revenue, said the Department would probably resist changing the effective date. He believes the state has worked very hard over the last two years to try to reach an agreement with all of the Tribes on cigarette sales, that four Tribes have signed agreements, but the Department doesn't sense that any agreements will be worked out with the three remaining Tribes in the near future. The intent of the last Legislature was to allow more time to negotiate, and the two years has run without successful negotiations with three Tribes. Mr. Robinson believes some end must come to the continued delay.

In response to further questions by Senator Halligan, Mr. Robinson said the mechanism included in HB 283 allows the Department to pre-collect the cigarette tax from the wholesalers. The wholesalers will be providing the cigarettes to the Reservations and the wholesaler will request a credit for the tax based on the portions of quotas they are providing to that Reservation. The quotas are very generous to all enrolled members of the Reservations. If the quota is exhausted prior to the end of the year, the question would arise if there are still illegal sales taking place on the Reservations.

Senator Doherty asked Rep. Elliott if HB 283 is passed and the market is taken away, even though it is an illegal market, would the cigarette sales go to other areas or to other states. Rep. Elliott said that sales of cigarettes on the Reservation will decline because it is suspected that some of these are being bought and shipped out of state where they are bought tax-free. The object of this bill is not to "level the playing field" for off-Reservation and on-Reservation non-Tribal stores; the issue is one of collecting a lawfully-imposed tax.

Senator Gage questioned Mr. Robinson about some sections in HB 283 which would become effective July 1, 1993, that deal with illegal activities, and why aren't those made effective on passage and approval. Mr. Robinson said they could be changed to be effective on passage and approval.

Senator Gage asked Kathleen Fleury, the Indian Affairs Coordinator for the Governor, if she could tell the Committee of any other agreements with the Tribes. Ms. Fleury said there are numerous cooperative agreements, many in the human services area. She will furnish that information to this Committee.

Senator Eck asked Margaret Hall what impact it would have on her business if there were Tribal identification cards. Ms. Hall said she would have no problem in implementing that; she is computerized in her business and has many ways to work this out.

Senator Yellowtail asked if the present agreements with the four Tribes meet the requirements of Section 3, including the 5% administrative expense off the top which goes to the Department of Revenue. Dave Woodgerd said Section 3 is permissive; no Tribe is required to enter into it. The quota will be set by cooperative agreement with the Tribes. Mr. Woodgerd said the administrative expense would only apply in the case where there is a cooperative agreement and which the Tribe is also imposing a tax. There is no administrative expense in the agreements with the four Tribes who have signed agreements, because the Tribes chose not to impose a tax.

Closing by Sponsor:

Rep. Elliott said there are currently 6.6 million packs of cigarettes, per person, being sold on the Flathead Indian Reservation. The national average is 97 packs of cigarettes a year. Rep. Elliott said that when Pat Smith, Tribal Attorney, testified at the House hearing on HB 283, Mr. Smith said, "I stand in moderate opposition to this bill". Mr. Smith offered an amendment which is now included in the bill. Rep. Elliott said that now, after moderate opposition, and having the amendment put on the bill, the Flathead Tribe seems to be in strong opposition to the bill, and he is confused about what happened between the time of the House hearing and the Senate hearing.

Rep. Elliott said the quotas agreed to between the Rocky Boy, Crow, Northern Cheyenne, and Fort Peck Tribes and the State of Montana have been generous, they have been agreed to by both parties and in two cases the quota was less than the tax-free cigarettes the Tribes were selling on their lands, and in one case, 2.2 times more.

Rep. Elliott said the overriding objection he hears to HB 283 is why the rush, why is the bill being forced. In answer, he quoted the testimony of the Confederated Tribes' attorney, Evelyn Stevenson, during the 1991 Legislative Session when she asked for one more year, to July 1, 1992, in which to enact the similar bill which was before that Legislature, so agreements could be worked out. Rep. Elliott said the Tribe asked for one year, they were given two years. There is an additional four months before HB 283 would go into effect, and Rep. Elliott feels the Tribe has had ample time to negotiate with the State of Montana. He asks the Committee to pass HB 283.

DISCUSSION ON SB 235 AND SB 283

Senator Van Valkenburg asked Mick Robinson, Director of the Department of Revenue, if the DOR has done an update of its analysis of the MACO property tax reform proposal to identify the most significant differences between SB 283 from SB 235. Mr. Robinson said an analysis was done in September, 1992, on the property tax component, and the DOR is presently updating that. Copies of that Analysis are attached to these minutes. Senator Van Valkenburg said he does not think it is possible to go into the sales tax issue without having that analysis, especially in trying to combine some of the MACO property tax reforms in SB 283 with SB 235. Mr. Robinson agreed it would be difficult for this Committee to make a final judgment on the total bill without the information regarding the property tax component.

Senator Eck asked Mr. Robinson if the DOR is going to make some proposed amendments to the Sales Tax portion of SB 235. Mr. Robinson said the Department does have some amendments they will be proposing, and will be expressing some concerns, including dealing with sales between affiliated companies as it relates to double taxation.

Senator Eck asked Mr. Robinson if the DOR has looked at different levels of retirement exemptions, in that the SB 235 exclusion may be higher than it needs to be. Mr. Robinson said information is available that will give an indication of what the difference would be in terms of tax relief at various levels of retirement benefits.

Senator Eck asked Mr. Robinson about not allowing a deduction for charitable contributions in the income tax portion of SB 235. Mr. Robinson said the Department could provide information regarding the total cost of contributions based on those taxpayers that presently itemize at the state level. Mr. Robinson also said the Department could provide a tax impact, in terms of the 6% flat tax proposal, allowing the standard deductions, and additional contributions that could be allowed as a deduction above the standard deduction level.

Senator Gage asked to what extent the administration has concern that SB 283 increases the taxable values about 17 times in the State of Montana without any change in the millages of the various taxing authorities. Mr. Robinson said that is one of the concerns the Department has seen expressed in terms of moving to 100% of market value as a taxable value. There is a perception that any tax relief will only be temporary in nature. He does not know how this can be countered, but should be addressed.

Senator Gage said that since SB 283 would be a percentage of the Federal tax, one would have to recalculate the Federal tax based on deductible items that the State allows but are not allowed in the Federal tax, and take a percentage of that recalculated tax. Senator Gage asked Mr. Robinson if the

Department has looked at anything in the line of an income tax based on the Federal tax that would not require that kind of calculation but would allow a credit in place of those things that Montana allows deductions for, so one wouldn't have to go in and recalculate the Federal tax. Mr. Robinson said he sees many problems with a Montana income tax system that is based on a percentage of Federal taxes. The main purpose behind going to the proposal in SB 283 is for simplicity. However, Mr. Robinson said it is much more complicated because some items are taxed at the Federal level that Montana is not able to tax at the state level. There would have to be adjustments made, and there are four or five other adjustments that would have to be made, including unemployment benefits. Mr. Robinson said the trouble with that kind of process is we could end up with a tax form that may be as cumbersome as what we have, or at least as cumbersome as a 6% or a flat tax based on present Montana adjusted income. Mr. Robinson said his personal preference is to a flat tax based on Montana adjusted gross, rather than a flat percentage of Federal tax.

Senator Eck commented that it would be useful if a simulated tax form could be put together in order to look at the SB 235 proposal on income tax, because there are so many changes in the number of rebates. Regarding the renter's relief in SB 235, and since we already have a low income and elderly rental relief in our State income tax, Senator Eck asked if we would be getting rid of the present one, or would there be two? Mr. Robinson said he couldn't give a clear answer, but we would not want to have a double credit, so the Department does need to address that particular issue.

Mr. Robinson said the Department has been looking at the MACO proposal (SB 283) and is doing some work on the property tax area. Another idea thrown into the discussion to compliment SB 235 is some connection with the school equalization, and some proposals that are being developed. One of the key things the Department would like to look at in terms of property tax relief is a way to flow the property tax relief into a reduction of the state-wide mill levies rather than have the distribution of those monies go back to the county and then a portion of that go back into the state. It may be possible to take that tax reform off a reduction in the state-wide mill levy and provide that tax relief state-wide.

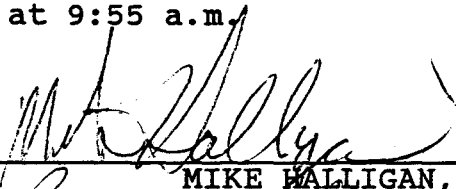
Senator Van Valkenburg asked when those proposals would be ready. Mr. Robinson said he would try to get this information to the Committee by next week. Senator Van Valkenburg said he thought this is an extremely important element in terms of taking executive action on the Sales Tax proposal, if the Administration is looking at some means whereby the school equalization problem can be addressed by virtue of applying sales tax revenue towards the foundation program. Senator Van Valkenburg said he did not think the Committee could take substantive executive action until

the Committee could see the possible interaction of a school equalization proposal and how the MACO property tax reform might work into this.

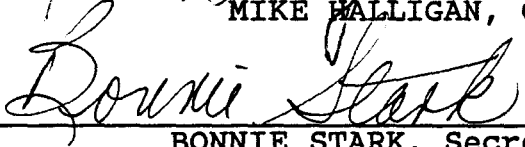
There was no executive action taken on SB 235 or on SB 283. Senator Halligan said during the meeting on February 18, there will be focus on the exemptions and fiscal impact, and whether the Committee is interested in recommending amendments to the sales tax bill to grant further exemptions.

ADJOURNMENT

Adjournment: The meeting adjourned at 9:55 a.m.



MIKE HALLIGAN, Chair



BONNIE STARK, Secretary

MH/bjs

ROLL CALL

SENATE COMMITTEE

TAXATION

DATE

2-17-93

NAME	PRESENT	ABSENT	EXCUSED
Sen. Halligan, Chair	✓		
Sen. Eck, Vice Chair	✓		
Sen. Brown	✓		
Sen. Doherty	✓		
Sen. Gage	✓		
Sen. Grosfield	✓		
Sen. Harp	✓		
Sen. Stang	✓		
Sen. Towe			✓
Sen. Van Valkenburg	✓		
Sen. Yellowtail	✓		










FC8

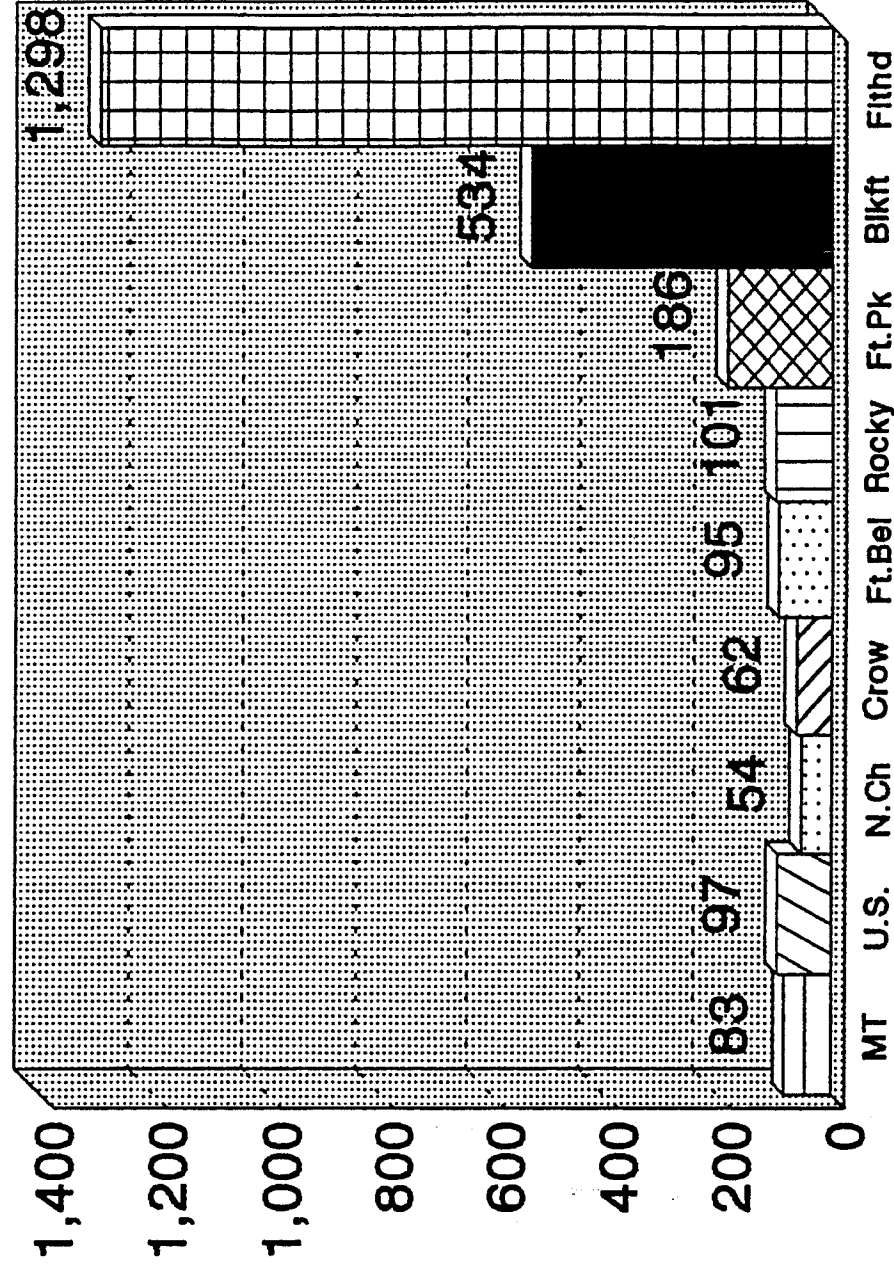
Attach to each day's minutes

Cigarette Sales Comparison

U.S. - Montana - Reservation

Total Population Per Capita Consumption (year 1992 thru Nov.)

	Montana
	U.S. (national)
	N. Cheyenne
	Crow
	Fort Belknap
	Rocky Boy
	Fort Peck
	Blackfeet
	Flathead



Amounts are in packs of cigarettes
 Amounts in () are population numbers
 Population data from 1990 census

EXHIBIT NO.

2-17-93

DATE

BILL NO.

HB 283

Montana Reservation- Exempt Cigarette Sales

1990

1991

1992

1993 Quotas

Rocky Boy	15,553	17,469	14,989	18,500
Crow	38,038	34,983	29,372	27,000
N. Cheyenne	15,553	17,469	14,989	34,300
Ft. Peck	114,937	111,862	107,724	60,000
Blackfeet	230,862	130,202	375,194	
Flathead	2,355,414	2,130,452	665,896	
Ft. Belknap	21,027	23,031	22,137	

Totals

2,831,027

2,691,600

1,234,438

112,800

Amounts are in Cartons - (1992 Jan -Nov)

Montana Cigarette Sales

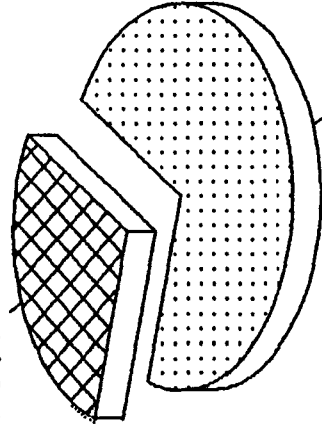
Percent of Total Sales

EXHIBIT /

DATE 2-17-93

FILE 48-283

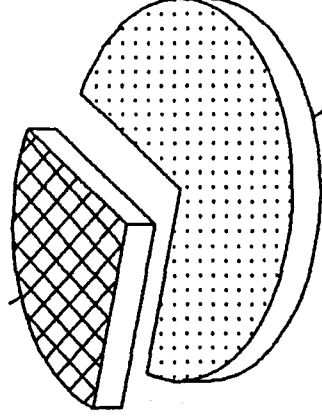
Exempt Sales
29%



Taxable Sales
71%

1990

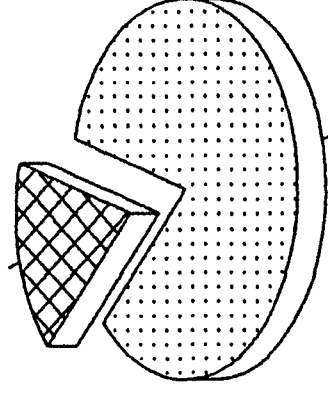
Exempt Sales
29%



Taxable Sales
71%

1991

Exempt Sales
16%



Taxable Sales
84%

1992

	1990	1991	1992
Exempt Sales	2,831,000	2,691,600	1,234,400
Taxable Sales	7,022,900	6,716,100	6,289,100
Total Sales	9,853,900	9,407,700	7,523,600

1992 Sales are for Jan thru Nov
Sales are in Cartons

Cigarette Sales

Comparing Allocation for Enrolled Members With Montana & Nat'l Per Capita Consumption

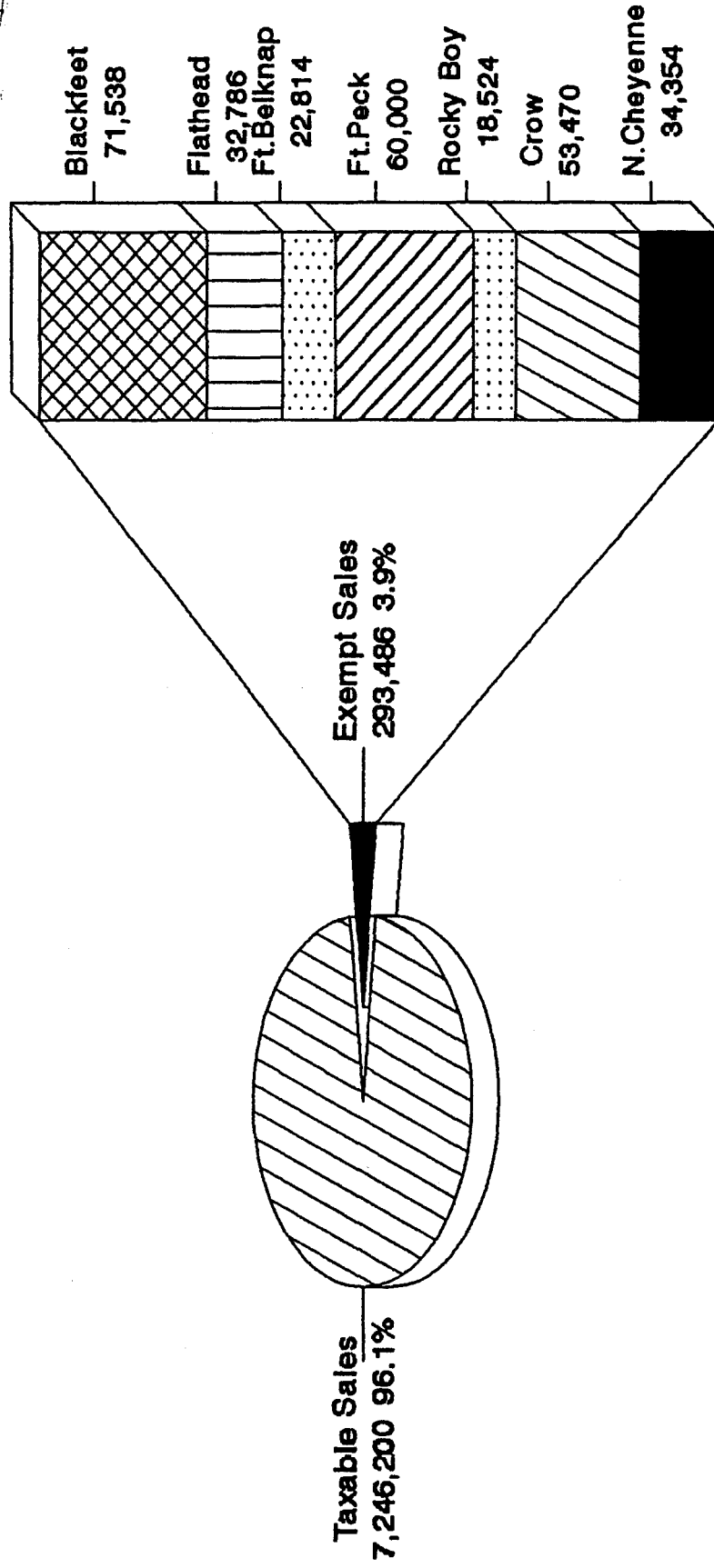
Signed Agreements with the State of Montana			
	Packs Quota	Enrolled Members	Enrolled Per Capita Quota
Northern Cheyenne	343,540	4,138	83
Crow	534,700	6,367	84
Rocky Boy	185,240	1,858	100
Ft Peck	600,000	5,312	113
Montana	Per Capita consumption per data from Tobacco Institute		83
U.S. (National)	Per Capita consumption per data from Tobacco Institute		97

No Agreements with the State of Montana			
Allocations under HB 283			
	Enrolled Members	U.S. Per Capita Consumption	Quota Packs
Ft Belknap	2,352	97	228,144
Flathead	3,380	97	327,860
Blackfeet	7,406	97	715,382

Exempt Cigarette Sales

As sales should be under quota agreements
Estimated Sales 7,539,686

DATE 2-17-93
HB-283



Amounts are in cartons

DATE 2-17-93

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: SB 325 Buck HB 283 Elliott
HB 327 Mc Caffrey

Name	Representing	Bill No.	Check One	
			Support	Oppose
MARGARET HALL	Joel Joffe Stop CSKT			
Ronnie Walton	Tina Marie's convenience store	HB 283		X
JAMES WEBER	CONF SALISH + KOOTENAI TRIBES	HB 283		X
Bryan Hall	Joe's Tiffy Stop	HB 283		X
Simon Moore	City of Kelowna	HB 327	X	
Billy Stevens	114700 West Ave	HB 283	X	
Paul Vankin	Pool	SB 325		

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

Analysis of the MACo Tax Reform Proposal : Impact to Montana's Property Tax System

*A Report to the Revenue Oversight Committee
of the Montana Legislature*

September 25, 1992

Prepared by:

Brad Simshaw
Office of Research and Information
Montana Department of Revenue
Helena, Montana

MACo Tax Reform Proposal

This tax reform package proposed by MACo is a comprehensive tax reform proposal. It contains major changes to the property tax system in Montana. The result is significant property tax reduction and shifting of the property tax base. To offset the reduction in property tax collections, the proposal includes revenue replacement options. While this report lists the revenue replacement options, the emphasis of the report is on the impact of the proposal to the current property tax system.

Major Points of the Proposal

Property Tax Changes:

●) All Property Taxed at 100% of Market Value

The tax rate for all property would be 100% of market value. Special exceptions to this would be agricultural land and net proceeds of mines. Agricultural land would be taxed at 100% of productive capacity of the land.

●) Homestead Relief for Homeowners

A homestead relief program would exempt from taxation 65% of the first \$50,000 of the market value of owner occupied, single family residences and mobile homes.

●) Eliminate Local Permissive School Levies

The proposal retains the 40 mill statewide equalization levy and the 55 mill school foundation levy but eliminates local permissive school mills. A narrow permissive levy authority for programs unique to a district (subject to voter approval) is allowed.

Revenue Replacement Options:

Option A) Initiate Revenue Increases from Existing Sources

- Cap deduction for federal income taxes paid.
- Eliminate income tax indexing.
- Eliminate income tax exemption for retirement income.
- A surcharge on individual and corporate income tax.
- Increase the coal severance tax rate.
- Reinstate net and gross proceeds taxes.
- Reinstate business inventory tax.
- Return to pre-1989 business equipment tax rates.

Option B) Establish an Entirely New Revenue Source

- Enact a 4% tax on the sale of goods and services.
- Any other revenue source the legislature may determine to be appropriate.

Methodology of Analysis

This report summarizes the estimated impact of the proposal to the current property tax system in Montana.

-) All taxable value and taxes paid figures are based on tax year 1991 property values and mill levies.
-) Taxes paid figures are taxes paid for state, county, school, and city/town purposes. The figures do not include taxes paid for miscellaneous and special improvement districts. (Inclusion of miscellaneous and special improvement districts in the analysis would not change the big picture of the proposal).
-) It is assumed that property tax revenue of taxing jurisdictions (except for local school permissive levies) would remain at tax year 1991 levels.
-) The analysis is based on the Report of MACo Taxation and Finance Committee Tax Proposal and Analysis, June 1992.
-) The analysis estimates the impact of the proposal to property groups. Property is grouped as following:

Residential

- Residential Land and Improvements
- Farmstead Land and Improvements
- Mobile Homes

Business Equipment

- Manufacturing and Mining Machinery
- Furniture and Fixtures
- Vehicles
- Ag Implements
- Oil and Gas Field Equipment
- Broadcasting Equipment
- Air and Water Pollution Control Equipment
- Aluminum Electrolytic Equipment
- All Other Business Equipment

Commercial Real

- Commercial Land and Improvements
- Industrial Land and Improvements

Utilities

- Gas and Electric Companies
- Telecommunications Companies
- Pipelines
- Rural Co—ops

Proceeds

- Net Proceeds of Miscellaneous Mines
- Gross Proceeds of Metal Mines

Estimated Impacts to the Property Tax System

The proposal impacts the property tax system in two major areas:

●) Over \$185,000,000 in Property Tax Reduction

This is the most obvious impact of the proposal. The reduction is the result of eliminating local permissive school levies. The \$185 Million in property tax reduction represents 1/3 of current property taxes collected for state, county, school, and city/town purposes.

●) Significant Shifting of the Property Tax Base

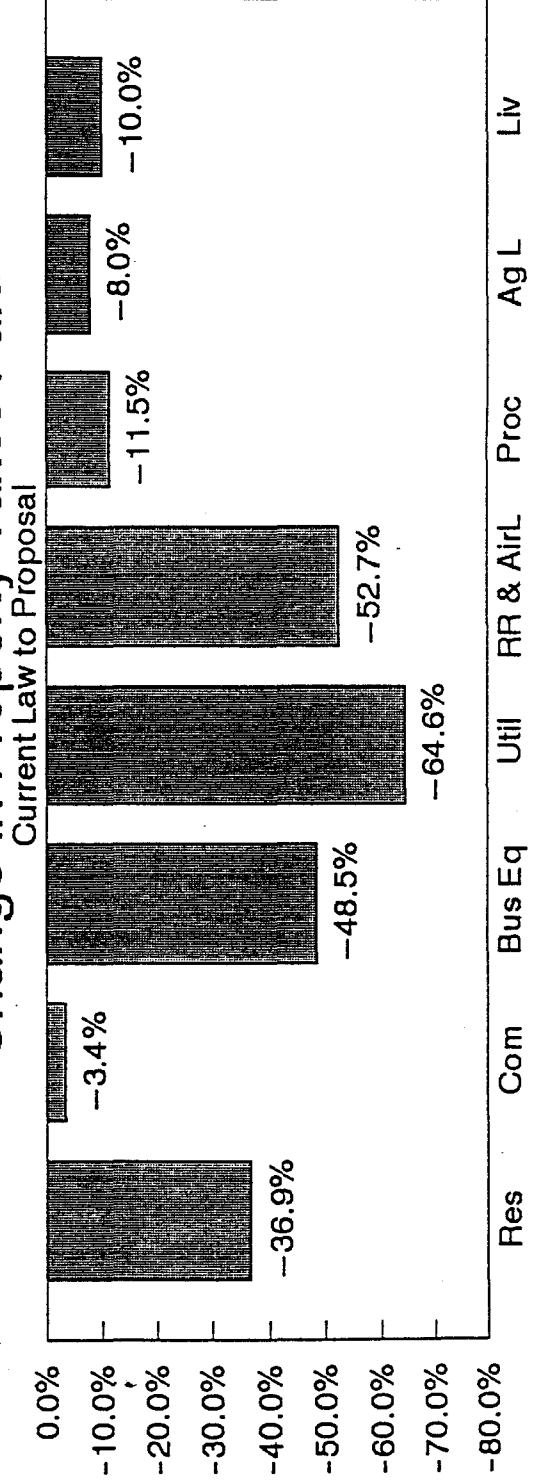
This is the most important impact of the proposal. It is important for two reasons;

- 1) The shift in the tax base will determine the distribution of the \$185,000,000 in property tax reduction. Overall, all property groups will pay fewer property tax dollars under the proposal. But some property groups will see larger savings than others. Largest savings go to utilities (64% decrease in property taxes paid) and railroads (53% decrease). Smallest savings go to commercial real property (3% decrease).
- 2) The shift in the tax base will determine the burden of future property tax collections. The tax burden of some property groups will increase, while others will realize a decrease. The commercial real property tax burden increases from the current 14.5% share to a 22.2% share of the total property tax burden. Conversely, the burden for utilities decreases from a current 20.4% share to 11.4% share of the total property tax burden.

Change in Property Taxes Paid Current Law vs. Proposal

Property Taxes Paid			
Property Group	Current	Proposal	Percent Change
Residential	183,672,331	115,979,835	-36.9%
Commercial Real	73,593,652	71,092,087	-3.4%
Business Equip.	73,858,459	38,059,296	-48.5%
Utilities	103,112,627	36,547,517	-64.6%
Railroads & Airlines	15,960,941	7,555,769	-52.7%
Proceeds	6,141,941	5,434,184	-11.5%
Ag Land	42,124,912	38,737,649	-8.0%
Livestock	7,681,615	6,912,732	-10.0%
Statewide Total	506,146,478	320,319,069	-36.7%

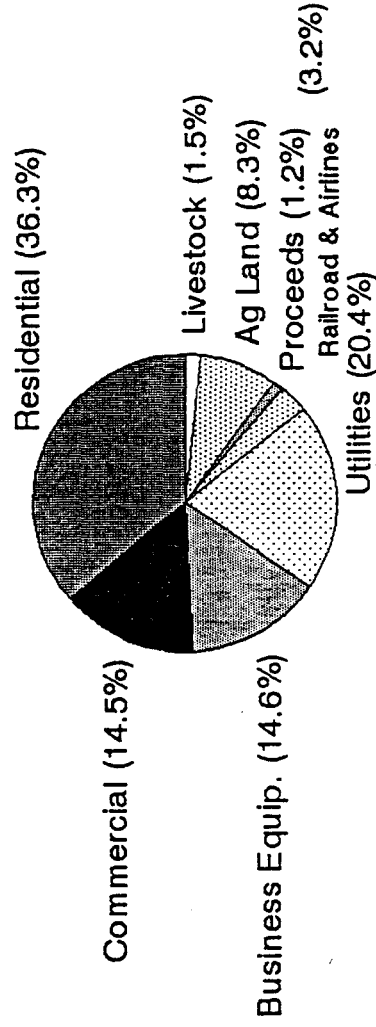
Change in Property Taxes Paid



Comparison of Share of Total Property Tax Dollars Paid Distribution of Tax Liability by Property Type

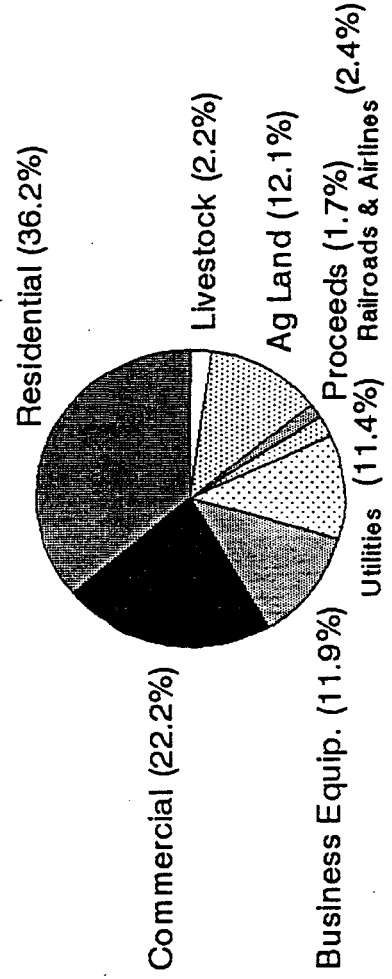
Current Law

Property Group	Current Property Tax Paid	Share
Residential	183,672,331	36.3%
Commercial Real	73,593,652	14.5%
Business Equip.	73,858,459	14.6%
Utilities	103,112,627	20.4%
Railroads & Airlines	15,960,941	3.2%
Proceeds	6,141,941	1.2%
Ag Land	42,124,912	8.3%
Livestock	7,681,615	1.5%
Statewide Total	506,146,478	100.0%



MACO Proposal

Property Group	Proposal Property Tax Paid	Share
Residential	115,979,835	36.2%
Commercial Real	71,092,087	22.2%
Business Equip.	38,059,296	11.9%
Utilities	36,547,517	11.4%
Railroads & Airlines	7,555,769	2.4%
Proceeds	5,434,184	1.7%
Ag Land	38,737,649	12.1%
Livestock	6,912,732	2.2%
Statewide Total	320,319,069	100.0%



MACO Property Tax Proposal

Impact to Tax Revenue Paid by Property Class

<u>Tax Year 1992 Classes</u>	Estimated Current Revenue	Estimated Proposed Revenue	Change in Property Tax	Percent Change in Property Tax
1 Net Proceeds	2,189,354	1,052,895	(1,136,459)	-51.9%
2 Gross Proceeds	3,952,586	4,381,288	428,702	10.8%
3 Ag Land	39,990,912	36,960,043	(3,030,870)	-7.6%
4 Residential Real	161,293,552	98,790,067	(62,503,485)	-38.8%
4 Mobile Homes	5,137,426	3,104,011	(2,033,415)	-39.6%
4 Commercial Real	73,520,664	70,986,082	(2,534,583)	-3.4%
5 Co-ops, Poll. Control	6,189,763	8,197,564	2,007,801	32.4%
6 Livestock	8,516,398	7,770,190	(746,208)	-8.8%
7 Independent Teleph.	268,146	116,932	(151,213)	-56.4%
8 Business Equipment	69,776,374	32,569,257	(37,207,117)	-53.3%
9 Utilities	99,936,314	32,912,512	(67,023,803)	-67.1%
10 Timber Land	2,137,880	1,778,080	(359,799)	-16.8%
11 Farmsteads	17,276,165	14,144,377	(3,131,788)	-18.1%
12 Railroads & Airlines	15,960,941	7,555,769	(8,405,172)	-52.7%
Statewide Total	506,146,478	320,319,069	(185,827,409)	-36.7%

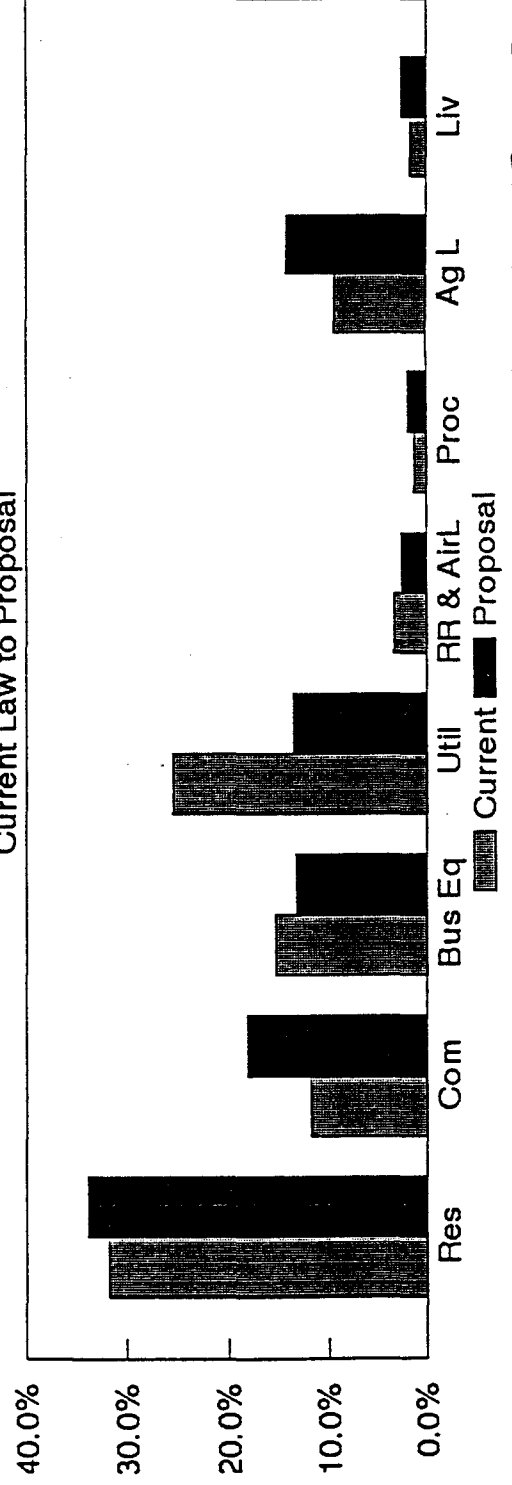
Impact to Tax Revenue Paid by Property Group

<u>Property Group</u>	Estimated Current Revenue	Estimated Proposed Revenue	Change in Property Tax	Percent Change in Property Tax
Residential	183,672,331	115,979,835	(67,692,496)	-36.9%
Commercial Real	73,593,652	71,092,087	(2,501,565)	-3.4%
Business Equipment	73,858,459	38,059,295	(35,799,163)	-48.5%
Utilities	103,112,627	36,547,517	(66,565,110)	-64.6%
Railroads & Airlines	15,960,941	7,555,769	(8,405,172)	-52.7%
Proceeds	6,141,941	5,434,184	(707,757)	-11.5%
Agricultural Land	42,124,912	38,737,649	(3,387,263)	-8.0%
Livestock	7,681,615	6,912,732	(768,883)	-10.0%
Statewide Total	506,146,478	320,319,069	(185,827,409)	-36.7%

Shift in Property Tax Base Share Current Law vs. Proposal

Property Group	Property Tax Base Share		
	Current	Proposal	Percent Change
Residential	31.8%	33.9%	6.4%
Commercial Real	11.8%	18.1%	53.7%
Business Equip.	15.3%	13.3%	-13.0%
Utilities	25.5%	13.5%	-47.1%
Railroads & Airlines	3.4%	2.6%	-21.6%
Proceeds	1.3%	1.9%	46.0%
Ag Land	9.3%	14.2%	52.9%
Livestock	1.7%	2.5%	47.8%
Statewide Total	100.0%	100.0%	

Change in Property Tax Base Share
Current Law to Proposal



Shift of Share of Statewide Total Taxable Value Burden Per \$1,000 of Property Taxes Levied

<u>Property Group</u>	<u>Current</u>	
	<u>Taxable Values</u>	<u>Share</u>
Residential	507,754,568	31.8%
Commercial Real	188,144,068	11.8%
Business Equip.	243,541,622	15.3%
Utilities	406,125,673	25.5%
Railroads & Airlines	53,593,331	3.4%
Proceeds	20,549,016	1.3%
Ag Land	148,216,272	9.3%
Livestock	27,296,910	1.7%
Statewide Total	1,595,221,460	100.0%

	<u>Proposal</u>	
	<u>Taxable Values</u>	<u>Share</u>
	9,138,992,976	33.9%
	4,893,030,212	18.1%
	3,582,902,374	13.3%
	3,637,130,887	13.5%
	710,786,886	2.6%
	507,508,405	1.9%
	3,832,799,004	14.2%
	682,422,746	2.5%
	26,985,573,490	100.0%

<u>Property Group</u>	<u>Burden for \$1,000 of Property Taxes Levied</u>		
	<u>Current</u>	<u>Proposal</u>	<u>% Change</u>
Residential	\$318	\$339	6.4%
Commercial Real	118	181	53.7%
Business Equip.	153	133	-13.0%
Utilities	255	135	-47.1%
Railroads & Airlines	34	26	-21.6%
Proceeds	13	19	46.0%
Ag Land	93	142	52.9%
Livestock	17	25	47.8%
Statewide Total	\$1,000	\$1,000	\$0

MACO Property Tax Proposal

Share of Statewide Property Tax Base

Tax Year 1992 Classes	Current		Proposed		Change in Tax Base Share
	Taxable Value	Percent of Statewide Total	Taxable Value	Percent of Statewide Total	
1 Net Proceeds	8,318,381	0.5%	99,820,572	0.4%	-29.1%
2 Gross Proceeds	12,230,635	0.8%	407,687,833	1.5%	97.0%
3 Ag Land	141,558,901	8.9%	3,666,104,620	13.6%	53.1%
4 Residential Real	433,587,219	27.2%	7,484,951,356	27.7%	2.0%
4 Mobile Homes	15,274,132	1.0%	262,677,583	1.0%	1.7%
4 Commercial Real	187,850,983	11.8%	4,881,794,018	18.1%	53.6%
5 Co-ops, Poll. Control	27,333,101	1.7%	911,103,372	3.4%	97.0%
6 Livestock	29,705,017	1.9%	755,402,522	2.8%	50.3%
7 Independent Teleph.	885,909	0.1%	11,073,863	0.0%	-26.1%
8 Business Equipment	223,882,855	14.0%	2,936,180,232	10.9%	-22.5%
9 Utilities	395,328,590	24.8%	3,294,404,919	12.2%	-50.7%
10 Timber Land	6,669,376	0.4%	166,734,400	0.6%	47.8%
11 Farmsteads	59,003,031	3.7%	1,396,851,314	5.2%	39.9%
12 Railroads & Airlines	53,593,331	3.4%	710,786,886	2.6%	-21.6%
Statewide Total	1,595,221,460	100.0%	26,985,573,491	100.0%	

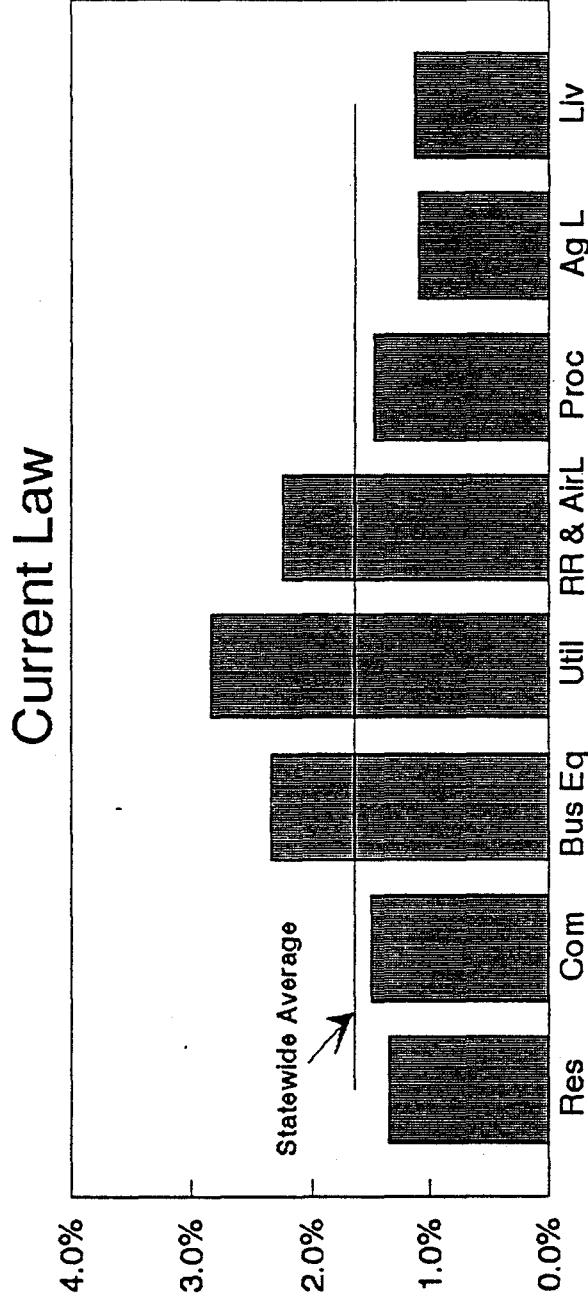
Share of Statewide Property Tax Base

Property Group	Current		Proposed		Change in Tax Base Share
	Taxable Value	Percent of Statewide Total	Taxable Value	Percent of Statewide Total	
Residential	507,754,568	31.8%	9,138,992,976	33.9%	6.4%
Commercial Real	188,144,068	11.8%	4,893,030,212	18.1%	53.7%
Business Equipment	243,541,622	15.3%	3,582,902,375	13.3%	-13.0%
Utilities	406,125,673	25.5%	3,637,130,887	13.5%	-47.1%
Railroads & Airlines	53,593,331	3.4%	710,786,886	2.6%	-21.6%
Proceeds	20,549,016	1.3%	507,508,405	1.9%	46.0%
Agricultural Land	148,216,272	9.3%	3,832,799,004	14.2%	52.9%
Livestock	27,296,910	1.7%	682,422,746	2.5%	47.8%
Statewide Total	1,595,221,460	100.0%	26,985,573,491	100.0%	

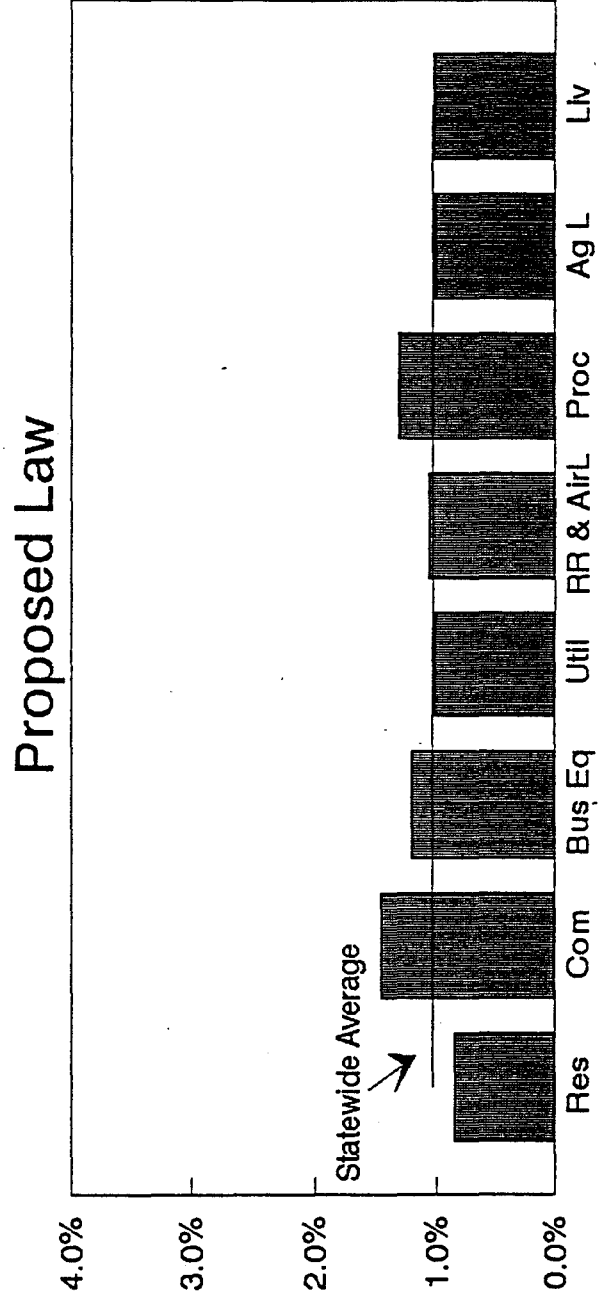
Comparison of Effective Tax Rate (Taxes Paid/ Assessed Value)

Current Law vs. Proposal

Current	
Effective Tax Rate	
Residential	1.35%
Commercial Real	1.50%
Business Equip.	2.34%
Utilities	2.84%
Railroads & Airlines	2.25%
Proceeds	1.48%
Ag Land	1.10%
Livestock	1.14%
Statewide Avg	1.63%



Proposal	
Effective Tax Rate	
Residential	0.85%
Commercial Real	1.45%
Business Equip.	1.21%
Utilities	1.01%
Railroads & Airlines	1.06%
Proceeds	1.31%
Ag Land	1.01%
Livestock	1.02%
Statewide Avg	1.03%



Impact to Mill Levies

	Current	Proposed	Difference
Education			
– Universities	6.000	0.355	–5.645
– State Equalization Levy	40.000	2.365	–37.635
– County Equalization Levies	55.000	3.250	–51.750
– Local Permissive Levies *	116.490	0.000	–116.490
County Government **	70.813	4.185	–66.628
City/Town Government **	98.633	5.698	–92.935
TOTAL	386.935	15.853	–371.082

* The mill levy value listed is a statewide average of local permissive levies. The MACO proposal allows for a narrow permissive levy authority for programs unique to a district tied to a vote of the people.

** The mill levy values listed are statewide averages.

Impact to Property Tax Revenues

	Current	Proposed	Difference
Education			
– Universities	9,571,329	9,571,329	0
– State Equalization Levy	63,808,858	63,808,858	0
– County Equalization Levies	87,737,180	87,737,180	0
– Local Permissive Levies *	185,827,410	0	(185,827,410)
County Government **	112,961,669	112,961,669	0
City/Town Government **	46,290,678	46,290,678	0
	506,197,124	320,369,714	(185,827,410)

* The mill levy value listed is a statewide average of local permissive levies. The MACO proposal allows for a narrow permissive levy authority for programs unique to a district tied to a vote of the people.

** The mill levy values listed are statewide averages.

MACO Property Tax Proposal (SB 283)

Comparison of Total County Property Tax Revenues
(Taxes Levied For State, County, Schools, and City/Town Purposes)

County	County Total Property Tax Revenue			
	Current	SB 283	Dollar Difference	Percent Difference
Beaverhead	5,154,118	3,387,161	(1,766,956)	-34.3%
Big Horn	5,819,489	4,177,042	(1,642,447)	-28.2%
Blaine	3,852,036	2,759,706	(1,092,330)	-28.4%
Broadwater	3,178,448	2,331,934	(846,514)	-26.6%
Carbon	5,524,445	3,479,574	(2,044,871)	-37.0%
Carter	2,131,029	1,527,905	(603,125)	-28.3%
Cascade	38,275,291	23,773,478	(14,501,813)	-37.9%
Chouteau	7,998,092	6,047,055	(1,951,037)	-24.4%
Custer	6,441,996	3,648,103	(2,793,893)	-43.4%
Daniels	2,396,890	1,573,879	(823,011)	-34.3%
Dawson	7,147,371	4,134,963	(3,012,408)	-42.1%
Deer Lodge	4,001,982	2,384,115	(1,617,867)	-40.4%
Fallon	2,014,864	1,389,460	(625,404)	-31.0%
Fergus	7,826,095	4,969,725	(2,856,370)	-36.5%
Flathead	38,137,702	24,908,942	(13,228,760)	-34.7%
Gallatin	27,340,278	17,624,294	(9,715,985)	-35.5%
Garfield	1,511,710	1,348,001	(163,710)	-10.8%
Glacier	4,903,428	3,404,647	(1,498,781)	-30.6%
Golden Valley	1,270,099	768,173	(501,926)	-39.5%
Granite	2,344,931	1,463,936	(880,995)	-37.6%
Hill	8,998,410	6,419,244	(2,579,166)	-28.7%
Jefferson	6,723,808	4,132,398	(2,591,410)	-38.5%
Judith Basin	2,606,101	1,862,791	(743,310)	-28.5%
Lake	9,245,524	6,452,383	(2,793,142)	-30.2%
Lewis And Clark	26,120,586	15,320,752	(10,799,834)	-41.3%
Liberty	2,808,717	2,008,667	(800,050)	-28.5%
Lincoln	8,938,517	5,024,045	(3,914,472)	-43.8%
Madison	5,011,899	3,726,287	(1,285,612)	-25.7%
Mccone	2,565,113	2,046,958	(518,155)	-20.2%
Meagher	2,021,070	1,424,336	(596,734)	-29.5%
Mineral	2,901,070	1,455,657	(1,445,413)	-49.8%
Missoula	51,890,429	31,289,911	(20,600,517)	-39.7%
Musselshell	1,643,588	1,342,032	(301,555)	-18.3%
Park	7,221,324	4,837,433	(2,383,891)	-33.0%
Petroleum	559,623	411,077	(148,545)	-26.5%
Phillips	4,426,147	3,172,960	(1,253,187)	-28.3%
Pondera	4,700,165	3,223,109	(1,477,055)	-31.4%
Powder River	2,031,020	1,543,215	(487,804)	-24.0%
Powell	4,162,371	2,221,452	(1,940,919)	-46.6%
Prairie	1,208,842	1,008,173	(200,670)	-16.6%
Ravalli	9,788,391	6,264,693	(3,523,698)	-36.0%
Richland	5,646,545	4,143,311	(1,503,235)	-26.6%
Roosevelt	6,232,490	3,766,795	(2,465,695)	-39.6%
Rosebud	24,603,063	14,036,954	(10,566,109)	-42.9%
Sanders	6,551,347	3,683,844	(2,867,503)	-43.8%
Sheridan	3,181,788	2,163,192	(1,018,596)	-32.0%
Silver Bow	20,922,604	11,257,657	(9,664,946)	-46.2%
Stillwater	5,273,804	3,680,668	(1,593,136)	-30.2%
Sweet Grass	2,612,289	1,728,175	(884,114)	-33.8%
Teton	4,962,893	3,464,401	(1,498,492)	-30.2%
Toole	4,547,828	3,686,955	(860,873)	-18.9%
Treasure	1,331,906	842,150	(489,756)	-36.8%
Valley	8,690,529	4,592,227	(4,098,301)	-47.2%
Wheatland	2,252,350	1,389,604	(862,746)	-38.3%
Wibaux	887,615	799,971	(87,643)	-9.9%
Yellowstone	65,606,419	40,798,162	(24,808,257)	-37.8%
Statewide	506,146,477	320,323,733	(185,822,744)	-36.7%

Compiled by the Office of Research and Information, Montana Department of Revenue.
Based on Tax Year 1991 Taxable Values and Tax Year 1991 Mill Levies.

17-Feb-93

MACO Property Tax Proposal (SB 283)

Comparison of Total County Property Tax Revenues

(Taxes Levied For State, County, Schools, and City/Town Purposes)

County	County Total Property Tax Revenue				
	Current		SB 283		Percent Change of Share
	Revenue	Share	Revenue	Share	
Beaverhead	5,154,118	1.02%	3,387,161	1.06%	3.8%
Big Horn	5,819,489	1.15%	4,177,042	1.30%	13.4%
Blaine	3,852,036	0.76%	2,759,706	0.86%	13.2%
Broadwater	3,178,448	0.63%	2,331,934	0.73%	15.9%
Carbon	5,524,445	1.09%	3,479,574	1.09%	-0.5%
Carter	2,131,029	0.42%	1,527,905	0.48%	13.3%
Cascade	38,275,291	7.56%	23,773,478	7.42%	-1.9%
Chouteau	7,998,092	1.58%	6,047,055	1.89%	19.5%
Custer	6,441,996	1.27%	3,648,103	1.14%	-10.5%
Daniels	2,396,890	0.47%	1,573,879	0.49%	3.8%
Dawson	7,147,371	1.41%	4,134,963	1.29%	-8.6%
Deer Lodge	4,001,982	0.79%	2,384,115	0.74%	-5.9%
Fallon	2,014,864	0.40%	1,389,460	0.43%	9.0%
Fergus	7,826,095	1.55%	4,969,725	1.55%	0.3%
Flathead	38,137,702	7.53%	24,908,942	7.78%	3.2%
Gallatin	27,340,278	5.40%	17,624,294	5.50%	1.9%
Garfield	1,511,710	0.30%	1,348,001	0.42%	40.9%
Glacier	4,903,428	0.97%	3,404,647	1.06%	9.7%
Golden Valley	1,270,099	0.25%	768,173	0.24%	-4.4%
Granite	2,344,931	0.46%	1,463,936	0.46%	-1.4%
Hill	8,998,410	1.78%	6,419,244	2.00%	12.7%
Jefferson	6,723,808	1.33%	4,132,398	1.29%	-2.9%
Judith Basin	2,606,101	0.51%	1,862,791	0.58%	12.9%
Lake	9,245,524	1.83%	6,452,383	2.01%	10.3%
Lewis And Clark	26,120,586	5.16%	15,320,752	4.78%	-7.3%
Liberty	2,808,717	0.55%	2,008,667	0.63%	13.0%
Lincoln	8,938,517	1.77%	5,024,045	1.57%	-11.2%
Madison	5,011,899	0.99%	3,726,287	1.16%	17.5%
McCone	2,565,113	0.51%	2,046,958	0.64%	26.1%
Meagher	2,021,070	0.40%	1,424,336	0.44%	11.4%
Mineral	2,901,070	0.57%	1,455,657	0.45%	-20.7%
Missoula	51,890,429	10.25%	31,289,911	9.77%	-4.7%
Musselshell	1,643,588	0.32%	1,342,032	0.42%	29.0%
Park	7,221,324	1.43%	4,837,433	1.51%	5.8%
Petroleum	559,623	0.11%	411,077	0.13%	16.1%
Phillips	4,426,147	0.87%	3,172,960	0.99%	13.3%
Pondera	4,700,165	0.93%	3,223,109	1.01%	8.4%
Powder River	2,031,020	0.40%	1,543,215	0.48%	20.1%
Powell	4,162,371	0.82%	2,221,452	0.69%	-15.7%
Prairie	1,208,842	0.24%	1,008,173	0.31%	31.8%
Ravalli	9,788,391	1.93%	6,264,693	1.96%	1.1%
Richland	5,646,545	1.12%	4,143,311	1.29%	15.9%
Roosevelt	6,232,490	1.23%	3,766,795	1.18%	-4.5%
Rosebud	24,603,063	4.86%	14,036,954	4.38%	-9.8%
Sanders	6,551,347	1.29%	3,683,844	1.15%	-11.1%
Sheridan	3,181,788	0.63%	2,163,192	0.68%	7.4%
Silver Bow	20,922,604	4.13%	11,257,657	3.51%	-15.0%
Stillwater	5,273,804	1.04%	3,680,668	1.15%	10.3%
Sweet Grass	2,612,289	0.52%	1,728,175	0.54%	4.5%
Teton	4,962,893	0.98%	3,464,401	1.08%	10.3%
Toole	4,547,828	0.90%	3,686,955	1.15%	28.1%
Treasure	1,331,906	0.26%	842,150	0.26%	-0.1%
Valley	8,690,529	1.72%	4,592,227	1.43%	-16.5%
Wheatland	2,252,350	0.44%	1,389,604	0.43%	-2.5%
Wibaux	887,615	0.18%	799,971	0.25%	42.4%
Yellowstone	65,606,419	12.96%	40,798,162	12.74%	-1.7%
Statewide	506,146,477	100.00%	320,323,733	100.00%	

MACO Property Tax Proposal (SB 283)

Comparison of Total County Property Tax Revenues

(Taxes Levied For State, County, Schools, and City/Town Purposes)

County Total Property Tax Revenue						
County	Current		SB 283		Percent Change of Share	
	Revenue	Share	Revenue	Share		
Mineral	2,901,070	0.57%	1,455,657	0.45%	-20.7%	
Valley	8,690,529	1.72%	4,592,227	1.43%	-16.5%	
Powell	4,162,371	0.82%	2,221,452	0.69%	-15.7%	
Silver Bow	20,922,604	4.13%	11,257,657	3.51%	-15.0%	
Lincoln	8,938,517	1.77%	5,024,045	1.57%	-11.2%	
Sanders	6,551,347	1.29%	3,683,844	1.15%	-11.1%	
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Roosevelt	6,232,490	1.23%	3,766,795	1.18%	-4.5%	
Golden Valley	1,270,099	0.25%	768,173	0.24%	-4.4%	
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Wheatland	2,252,350	0.44%	1,389,604	0.43%	-2.5%	
Cascade	38,275,291	7.56%	23,773,478	7.42%	-1.9%	
Yellowstone	65,606,419	12.96%	40,798,162	12.74%	-1.7%	
Granite	2,344,931	0.46%	1,463,936	0.46%	-1.4%	
Carbon	5,524,445	1.09%	3,479,574	1.09%	-0.5%	
Treasure	1,331,906	0.26%	842,150	0.26%	-0.1%	
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Broadwater	3,178,448	0.63%	2,331,934	0.73%	15.9%	
Richland	5,646,545	1.12%	4,143,311	1.29%	15.9%	
Petroleum	559,623	0.11%	411,077	0.13%	16.1%	
Madison	5,011,899	0.99%	3,726,287	1.16%	17.5%	
Chouteau	7,998,092	1.58%	6,047,055	1.89%	19.5%	
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McCone	2,565,113	0.51%	2,046,958	0.64%	26.1%	
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