

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON TAXATION**

**Call to Order:** By **CHAIRMAN BOB GILBERT**, on February 18, 1993, at 8:15 a.m.

#### **ROLL CALL**

##### **Members Present:**

Rep. Bob Gilbert, Chairman (R)  
Rep. Mike Foster, Vice Chairman (R)  
Rep. Dan Harrington, Minority Vice Chairman (D)  
Rep. Shiell Anderson (R)  
Rep. John Bohlinger (R)  
Rep. Ed Dolezal (D)  
Rep. Jerry Driscoll (D)  
Rep. Jim Elliott (D)  
Rep. Gary Feland (R)  
Rep. Marian Hanson (R)  
Rep. Hal Harper (D)  
Rep. Chase Hibbard (R)  
Rep. Vern Keller (R)  
Rep. Ed McCaffree (D)  
Rep. Bea McCarthy (D)  
Rep. Scott Orr (R)  
Rep. Bob Raney (D)  
Rep. Bob Ream (D)  
Rep. Rolph Tunby (R)

**Members Excused:** Rep. Nelson

**Members Absent:** None

**Staff Present:** Lee Heiman, Legislative Council  
Jill Rohyans, Committee Secretary  
Louise Sullivan, Transcriber

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

##### **Committee Business Summary:**

Hearing: HB 591  
Executive Action: HB 421, Do Pass As Amended  
HB 444, Tabled  
HB 495, Do Pass As Amended  
HB 452, Do Not Pass As Amended  
HB 519, Do Pass  
HB 539, Do Pass As Amended  
HB 557, Tabled

HEARING ON HB 591

Opening Statement by Sponsor:

REP. NORM WALLIN, House District 78, Bozeman, said HB 591 would increase the accommodations tax from four to seven percent. Last year tourists visiting Montana contributed \$900 million to the state's economy. These same tourists also had a tremendous impact on local government services. The three percent increase in the accommodations tax would result in an additional \$5 million per year. The bill ensures that all local governments receive some benefits from the bill but also recognizes that the majority of the funds should go back to those places where the service impacts are the heaviest. The bill also includes a coordination clause should the sales tax, SB 235, pass. REP. WALLIN said if this bill is approved it would compare favorably with the lodging and sales taxes in surrounding states. He believed Montana's cities and counties had done a remarkable job of maintaining services under the restrictions I-105 but the Legislature cannot expect local governments to continue to provide increased services under this limit. HB 591 will give them the help they need. He distributed a handout indicating the comparisons between the surrounding states. EXHIBIT 1.

Proponents' Testimony"

Chuck Stearns, Finance Director/City Clerk for the City of Missoula, appeared as a strong supporter of the bill. He distributed written testimony and said a lodging tax is an equitable tax on those people demanding services of the local governments. EXHIBIT 2

Tim Bergstrom, Montana State Council of Professional Firefighters and a member of the Billings Fire Department, said in the last three years the Billings Fire Department had responded to 461 incidents at hotels and motels. This cost is appreciable to cities and towns in manpower, equipment and fuels costs. He said for a typical barebones fire call the cost is \$180,000 to \$280,000 to local government entities. Aerial ladder trucks can cost as much as \$450,000, or more. The transient population using the state's lodging facilities generates a significant number of emergency calls to local governments, e.g., fire and emergency medical calls. Statutes also require fire departments to conduct on-site inspections of these lodging facilities to ensure their safety.

Alec Hansen, Executive Director, Montana League of Cities and Towns, distributed two handouts, one being an article from the Independent Record which discussed the financial condition of the travel promotion program of the state of Montana. He said approximately \$18.6 million would be spent in the next two years promoting tourism. Previous advertising generated \$900 million

for the state and also created jobs in the tourism industry. However, this industry has also exerted tremendous pressure on local government services. **EXHIBIT 3** He said the previous two proponents testified about the impact on their cities and he provided a letter from the city of Kalispell indicating what is happening in the Flathead area. **EXHIBIT 4** Tourists require services and it is the local property taxpayers who pay for them. Mill levies for Montana cities and towns are 15% - 20% higher. **Mr. Hansen** said he did not want to see one of the fastest growing sectors of our economy shut down but there must be some way to handle the impact on cities and towns. If the Committee does not want to increase this tax a certain amount of that \$18.6 million should be set aside for cities and towns. He said no agency should be allowed to spend as much money as it can collect for advertising at a time when the state is in a severe budget crisis. The cities and counties desperately need some help.

**Larry Fasbender**, lobbyist for the City of Great Falls, said the City of Great Falls supports this legislation. He said it was important that a move be made to get away from funding local governments strictly with property taxes. Education and local governments have placed an undue burden on taxpayers in Montana. As the need for education also increases, there will be further reliance on property taxes. It is important to have different taxes for local governments to rely upon. Local governments are capable of making the decisions as to how those taxes should be spent. He urged the Committee to pass HB 591.

#### Opponents' Testimony:

**Keith Colbo**, representing Montana Tourism Coalition, opposed HB 591 and submitted written testimony. **EXHIBIT 5**

**Robert Dunlop**, campground operator, Helena, strongly opposed HB 591 and said the proponents had outlined a horror story of the tourist industry and the havoc they are supposedly wreaking on the state. His 10 summer employees would not agree with those statements as those employees count on tourists coming to Montana. He said this bill would kill the goose that lays the golden egg. His property taxes in Lewis and Clark County are over \$5,000 per year. His campground had two 911 emergency calls last year. He pumps his own water and takes care of the campground's sewage. The tourists also pay gas taxes which go to Montana highways. He asked the Committee to kill the bill.

**Stuart Doggett**, representing the Montana Innkeepers Association, said this tax is often thought of as a painless way to raise revenue but that is not true. He urged the Committee to consider the serious impacts on the lodging industry and the entire Montana economy. The increase in room taxes has a direct impact on the number of rooms rented according to a survey recently completed by Purdue University. He said the lodging industry also provides jobs for college students, a second income for some people, and also mid-management jobs which provide benefits. HB

591 almost doubles the current bed tax and would have a negative impact on the lodging industry. He asked the Committee to kill the bill.

**Mike Scholz, Buck's T-4 Lodge, Best Western, Big Sky,** said the original bed tax, which he supported, is working very well. He understands the problems of cities and counties but said the accommodations tax is narrow-based and will not generate the needed revenues. Lodging is only 18% of the tourist dollar spent in Montana.

**Betsy Taylor, Days Inn, Bozeman,** said as a property manager employing students and single parents, she was concerned about the impact of HB 591. She said the money generated by the current bed tax has been used wisely. She said the problem with HB 591 is that it puts the burden of collecting a higher tax on the lodging industry. She said it has been suggested that other industries affected by tourists be considered in lieu of the lodging industry. HB 591 would be a step in the wrong direction, therefore she urged the Committee to kill the bill.

**Wayne Finney, Bed and Breakfast Owner and President of the Montana Bed and Breakfast Association, Somers,** said this tax applies to only 18% of the \$900 million generated by tourism in the state. **EXHIBIT 6**

**Vern Sitter, representing Best Western Colonial Inn, Helena,** said a three percent increase will affect business. He said they have experienced a drop in Canadian trade in the last six months and they have also had a 70% cancellation rate of Canadian bus tours continuing on to Nevada through Montana. This was mainly due to the discount of the Canadian dollar. This tax would be an additional cost to those travelers. He said the Colonial Inn pays over \$100,000 per year in real estate taxes and said he realized cities and counties need revenue but the lodging industry does pay for goods and services.

**Ken Hoovestall, representing the Montana Snowmobile Association,** said they are a member of the Tourism Coalition which brings in over \$15 million of out-of-state money each year to Montana. He said this source of funding should be used only for the promotion of tourism.

**James Tutwiler, representing the Montana Chamber of Commerce, Helena,** said HB 591 is not good legislation. It raises serious questions regarding prudent tax policy, economics, and internal investment. He said the Chamber supported comprehensive tax reform. Tourism has been a bright spot in the economy because of promotion which has been fueled and generated by the accommodations tax. If the tourist industry continues to grow, the time will come when revenues will increase and can be utilized to accomplish something other than advertising. That time has not arrived, and the revenue should be used for more direct industry purposes rather than as part of broad tax reform.

Greg Bryan, President of the Montana Tourism Coalition, submitted written testimony in opposition to the bill. **EXHIBIT 7**

A letter from Constance S. Cummings, Manager, Super 8 Motel in Hardin, was submitted as her written testimony. **EXHIBIT 8**

**Informational Testimony:**

Matthew Cohn, Travel Montana, Department of Commerce, said the Natural Resources Subcommittee approved the Travel Montana budget of \$7.6 million in FY 94 and \$7.8 million for FY 95 based on accommodations tax collections. The \$18.6 million is a biennial figure. He said the Committee should be aware of the correct amount of money being discussed before making a decision. He said Travel Montana is spending \$2.7 million on advertising in FY 93. \$1.8 million in accommodations tax money is returned, by statute, to the local tourism regions for use in promoting tourism. Montana ranks 24th in the nation in advertising money spent to promote tourism. They also give \$200,000 to the international trade program. Travel Montana will also spend \$200,000 to help set up visitor information centers in the state. He said the newspaper article (**EXHIBIT 3**) makes it sound as though this money is all being spent out-of-state and that simply was not true. He said they obviously advertise out-of-state because they are trying to attract non-resident tourists.

**Opponents' Testimony:**

Charlotte Maharg, Department of Revenue (DOR), said she was neither a proponent or opponent of the bill. She distributed proposed amendments to the bill. **EXHIBIT 9** She said the substantive portion of the amendments clarifies the distribution mechanism. She said the bill, as written, simply requires DOR to distribute collections which can only be distributed after certain criteria are met, and after the Tourism Advisory Council determines if those criteria have been met. The Department of Commerce distributes the funds to the tourism regions and the various cities, provided they meet the criteria, and the Department of Revenue would be responsible for distributing the balance. One of the proposed amendments sets a time limit of 60 days for the DOR to distribute the collections to local governments.

**Questions From Committee Members and Responses:**

REP. RANEY asked what the latest estimates were on the percentage of bed taxes paid by Montana residents vs. out-of-state residents. Greg Bryan said that area could range widely but they estimated somewhere in the neighborhood of 50-55 percent would be non-residents.

Closing Statement by Sponsor:

REP. WALLIN said when the original accommodations tax was first proposed there were many statements made that it would drive people away from Montana. Now the very people that have benefited from that tax say this increase will drive people away. He said it was not fair that the cities get nothing for providing police and fire protection and all the required services. Is \$1 to \$1.50 per night be too much to pay for a guarantee of safety? He said a 3% increase in the tax benefitting those who provide the services is a very minimal charge. He urged passage of the bill.

EXECUTIVE ACTION ON HB 421

Motion/Vote: REP. REAM MOVED HB 421 DO PASS.

Discussion: REP. FOSTER expressed concern that it would be a first come/first served approach and said he didn't like the bill.

CHAIRMAN GILBERT said he recalled REP. DRISCOLL had some concerns that they might use the earmarked fund to build and maintain their detention centers.

Motion: REP. HARRINGTON moved adoption of the amendment, page 1, line 15. EXHIBIT 10. Motion carried unanimously.

REP. McCAFFREE said there is a 25 mill limit on the general fund that funds the Clerk and Recorder, the Treasurer, and other local government entities. This bill proposes to create an earmarked safety fund within the 25 mill general fund and would be deducted from the general fund budget.

REP. FOSTER asked if a county has budget problems, does the bill indicate the law enforcement budget could not be touched and cuts to be made would have to be made in everything else. REP. McCAFFREE said every budget session the commissioners would set those budgets. It would also allow commissioners to vote for special mill levies for a specific purpose. That money would then be put into that special budget.

REP. RANEY asked REP. McCAFFREE if it was mainly a bookkeeping procedure for local government. REP. McCAFFREE responded that it only allows them to set aside money for law enforcement within the general fund. He said he thought the purpose behind it was so the voters would vote for law enforcement when they will not vote for a general levy.

**CHAIRMAN GILBERT** said the bill just sets up a special levy assignment for public safety and it takes it out of the general fund. Since this is the largest portion of the general fund, there were reductions made in that fund in order to fund other county entities. Under this proposal, if the general fund runs short, at least they can fund public safety.

**Motion/Vote:** REP. REAM MOVED HB 421 DO PASS AS AMENDED. Motion carried 18-1 with REP. ANDERSON voting no and REP. NELSON absent.

#### **EXECUTIVE ACTION ON HB 444**

**Motion/Vote:** REP. HARRINGTON MOVED HB 444 DO PASS.

**Discussion:** REP. RANEY said if we remove this money and put it into the general flow of government, the loss of interest over the 11 years would be the equivalent of what is being taken out of the trust fund. Times in Montana are tough, but not so tough that we have to do this.

REP. HARRINGTON said there will be over \$30 million cut out of K-12 and over \$20 million out of the university system. He said we talk about future generations but right now we have serious problems and some of this could help solve those problems. He said some of the things the Legislature will be doing will be very disastrous as far as education is concerned.

REP. HARPER said after talking to the bond people there was no question in his mind that this would endanger Montana's bond rating, might endanger Montana's financial stability, and would impact every one of the programs that depend on this flow into the trust fund. He said the bill does not make good fiscal sense.

**Motion/Vote:** REP. ELLIOTT MOVED A SUBSTITUTION MOTION TO TABLE HB 444. Motion carried 17-2 with REPS. MCCARTHY and HARRINGTON voting no.

#### **EXECUTIVE ACTION ON HB 495**

**Motion:** REP. ELLIOTT MOVED HB 495 DO PASS.

**Motion:** REP. HARRINGTON moved adoption of the Department of Revenue amendments. EXHIBIT 11

**Discussion:** REP. ELLIOTT spoke against the amendments. CHAIRMAN GILBERT pointed out that the amendments state "subject to prior approval" so they would have the right to approve or disapprove.

REP. ELLIOTT said his intention was simply to let them know. The statutes say, in the case of the all-beverage license, \$35 must be sent to DOR and the Department would let local law enforcement know about the event.

Mr. Heiman said this does not correspond with the all-beverage license and said DOR scaled down the beer and wine license.

REP. ELLIOTT said he was against the amendments and asked that the bill be sent to the floor without the amendments. He said if the Tavern Association had major objections they could attempt to get the amendments made on the floor of the House or the Senate.

Mr. Heiman said there are a number of special events that can get special events licenses. He said this is about an on-premise consumption license for beer and wine which would enable the caterer to sell beer and wine at an off-premises catered event.

REP. ELLIOTT said they would have to go to the local sheriff, get his approval in writing, send that to DOR along with the \$35 fee for processing three days before the event is to be held.

CHAIRMAN GILBERT said local law enforcement gives the approval, not DOR. REP. ELLIOTT said that was correct and, as the bill is written, it would not require law enforcement approval, only notification.

CHAIRMAN GILBERT said the question before the Committee was whether they wanted the amendment that requires approval, or the bill as written, which requires notification on page 2, lines 2 - 4. He agreed with REP. REAM that the approval part was not clear, it just referred to the word "application". But, when someone applies for something they are applying for permission.

REP. MCCARTHY asked if any and all individuals doing catering must have the \$175 catering license. CHAIRMAN GILBERT said if they have a beer and wine license and are a caterer, then they have to buy a permit in order to sell the beer and wine; if they are just catering without liquor, they don't need it. If they have a hard liquor license, then they pay the \$250 and \$35 per event.

Mr. Heiman said there was nothing in the bill as written referring to the \$35 per event. REP. MCCARTHY said under current law, the all-beverage license, off-premises is \$35 per event. REP. RANEY asked if it didn't make sense that a beer and wine off-premises license should also be \$35 per event.

Mr. Heiman said the \$35 could be inserted with the notification to the local law enforcement agency and it would then go to the local law enforcement agency. Currently, the \$35 goes with the application for the catering service filed with DOR.

Gary Blewett, Administrator of the Liquor Division, Department of Revenue, said currently it is \$35 per event, not \$35 per day, and it goes to the general fund. The same is true of the catering authorization.

Vote: Motion to adopt the amendments carried 13-6 with REPS. McCAFFREE, ORR, HARPER, ELLIOTT, REAM and HANSON voting no.

Motion/Vote: REP. ELLIOTT MOVED HB 495 DO PASS AS AMENDED. Motion carried 18-1 with REP. HARPER voting no.

#### EXECUTIVE ACTION ON HB 452

Motion: REP. HARRINGTON MOVED HB 452 DO PASS.

Motion: REP. HARRINGTON moved adoption of the amendments which indicate when a settlement is made which is 60% or less than the total amount owed, then the settlement information has to be made public in all cases. EXHIBIT 12

#### Discussion:

REP. HARPER said if people are terribly concerned about their tax information being disclosed, they may settle for a little more - above the 60%, in order to avoid disclosure. He said it might have a positive effect on the state budget.

REP. HARRINGTON said he was trying to keep confidentiality intact, but if sums of \$40 - \$50 million are settled for \$20 million, there are apparently some problems. If the settlements are dropped to half of what is owed, they should be made public.

Vote: Motion to adopt the amendments carried 13-6.

Motion: REP. HARRINGTON MOVED HB 452 DO PASS AS AMENDED.

#### Discussion:

REP. TUNBY asked if the Revenue Oversight Committee (ROC) would be the only ones to receive the information.

REP. HARRINGTON felt since ROC is an oversight committee, it would be the logical legislative committee to use.

REP. ELLIOTT said he understood why REP. HARRINGTON would like to know and he would like to know himself. He thought the bill would impair DOR's ability to negotiate a settlement because companies would feel they could not disclose certain information.

REP. FELAND said he agreed. He feared DOR would feel the Legislature was trying to micro-manage them. DOR enters into settlements for many reasons that the Legislature would not understand. He opposed the bill.

REP. FOSTER said he was very uneasy about the bill but understood REP. HARRINGTON'S concern about knowing what went on. He felt the Legislature would really be infringing in this area and there was no way he could support the bill. He also said the amendment contained a quite an arbitrary figure.

REP. RANEY said he supported the bill. He said the Legislature sets tax policy. Under that policy perhaps a company owes the state \$4 million. The company appeals, negotiates with DOR, and DOR comes up with a figure of \$2 million. He didn't believe that made sense when there is a policy stating what they owe. The Legislature should be privy to the information when DOR decides the company only has to pay \$2 million.

REP. ELLIOTT said the law in this area of negotiation is fairly grey. DOR can go to court for the \$4 million if they feel they can win the case and then deduct expenses from that. If they don't feel they can win the case, they enter into a deal, or settlement, and get the best they can. He believed there was a valid fear connected with this that at some time someone at DOR might wish to subvert a settlement, and that could happen. But on a strictly monetary basis, he believed the state has won with the law the way it now stands. He said it looked like any tax settlement could be made public, whether an individual or a corporate settlement.

REP. HARRINGTON replied that was correct.

REP. ELLIOTT said that flies in the face of confidentiality for the individual in Montana.

REP. FOSTER said there seemed to be an assumption that the company or the individual is wrong and is guilty of tax fraud or misfiling of taxes. He said DOR must have this flexibility because they may learn through negotiations that the company or individual was correct after all. He did not believe the Legislature should enter into it.

Vote: Motion that HB 452 DO PASS AS AMENDED failed 12-8 on a roll call vote. EXHIBIT 13

Motion/Vote: REP. HARRINGTON MOVED THAT HB 452 DO NOT PASS AS AMENDED. The roll call vote on the previous motion was reversed, motion carried 12-8.

EXECUTIVE ACTION ON HB 519

Motion: REP. RANEY MOVED HB 519 DO PASS.

Motion: REP. RANEY moved adoption of the amendments requested by REP. BARNHART. EXHIBIT 14

Discussion: REP. RANEY explained the amendment and said there would be a minor loss of income to the state but it would still encourage people to recycle.

REP. McCARTHY said her concern was that there wasn't any place to collect this material, there are no centers in Montana. Maybe this would be an incentive to a new industry to come in but at the present time there are only one or two in the state who would take advantage of the bill. REP. RANEY agreed, but pointed out that the egg producers and the Hutterites asked that their cartons be returned for re-use. He said this is a pilot project and would terminate in 1995.

REP. ORR said the bill provides only for the purchase of materials that are made out of recycled products. The product has to go through the consumer first.

Mr. Heiman said the bill covers two different points, 1) what recycled materials are, and what they are defined as, and a 5% deduction for using them; 2) a 25% tax credit for certain depreciable equipment used during recycling.

REP. ELLIOTT encouraged adoption of the amendment.

REP. HARPER said the bill had minimal fiscal impact and clarifies the law. He believed the amendment would probably kill the bill.

REP. RANEY WITHDREW THE MOTION TO ADOPT THE AMENDMENTS.

Vote: Motion that HB 519 Do Pass carried unanimously.

EXECUTIVE ACTION ON HB 539

Motion: REP. FELAND MOVED HB 539 DO PASS.

Discussion: REP. RANEY referred to the definition of agricultural use on page 1, section 1, which states an individual must be in the farm or ranch business to get the special fuel at agriculturally adjusted price. He thought this new section might be a bonus in the bill and is not aimed at bona fide agriculture.

**CHAIRMAN GILBERT** said he was concerned about the numbers being extraordinarily high. Following further discussion, the **CHAIRMAN** said there was an amendment proposed by the Department of Transportation (DOT). **Mr. Heiman** said he had discussed the amendment with DOT and it was agreed that the amendment was necessary. **EXHIBIT 15**

**Motion/Vote:** **REP. ELLIOTT** moved adoption of the amendment proposed by DOT. Motion carried unanimously.

**Motion/Vote:** **REP. FOSTER** MOVED HB 539 DO PASS AS AMENDED. Motion carried unanimously.

#### EXECUTIVE ACTION ON HB 557

**Motion:** **REP. McCAFFREE** MOVED HB 557 DO PASS.

**Discussion:** **REP. McCAFFREE** said the bill addresses the 4-H issue. 4-h is a good program for kids and teaches them responsibility.

**REP. HARPER** supported the bill and said it was a great program and teaches kids things they will not otherwise learn. He said kids should not have to pay for the inability of the Legislature to compromise on tax reform.

**REP. REAM** agreed with **REP. HARPER**. He said the state portion to various programs had been cut and the counties have had to pick up the costs, and there was no doubt there would be further made this session.

**REP. FOSTER** also supported 4-H as a great program but he said it was another attack on I-105. It was the parents of these children that voted in I-105. He said on page 8, line 4 stating there was a cost of living adjustment was an interesting approach. He was against the bill even though the intentions were good.

**Motion/Vote:** **REP. HARPER** moved an amendment on page 8, line 4 to strike "plus cost of living adjustment". He said if the bill didn't pass he thought the 4-H program would be lost. Motion carried unanimously.

**Vote:** Motion that HB 557 Do Pass As Amended failed 12-8 on a roll call vote. **EXHIBIT 16**

**Motion/Vote:** **REP. FOSTER** MOVED HB 557 BE TABLED. Motion carried 12-8 on a roll call vote. **EXHIBIT 17**

ADJOURNMENT

**Adjournment:** The meeting adjourned at 11:53 a.m.

  
BOB GILBERT, Chair

  
JILL ROHYANS, Secretary

These minutes were written by Louise Sullivan and edited and proofed for content by Jill Rohyans.

BG/jdr/lis

# HOUSE OF REPRESENTATIVES

TAXATION

COMMITTEE

ROLL CALL

DATE

2/18/93

NAME	PRESENT	ABSENT	EXCUSED
REP. GILBERT, CHAIRMAN	✓		
REP. FOSTER	✓		
REP. HARRINGTON	✓		
REP. ANDERSON	✓		
REP. BOHLINGER	✓		
REP. DOLEZAL	✓		
REP. DRISCOLL	✓		
REP. ELLIOTT	✓		
REP. FELAND	✓		
REP. HANSON	✓		
REP. HARPER	✓		
REP. HIBBARD	✓		
REP. KELLER	✓		
REP. McCAFFREE	✓		
REP. MCCARTHY	✓		
REP. NELSON			✓
REP. ORR	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. TUNBY	✓		

HOUSE STANDING COMMITTEE REPORT

February 18, 1993

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Mr. Speaker: We, the committee on Taxation report that House Bill 495 (first reading copy -- white) do pass as amended .

Signed: \_\_\_\_\_

*Bob Gilbert*

Bob Gilbert, Chair

And, that such amendments read:

1. Page 1, line 21.

Strike: "\$25"

Insert: "\$175"

2. Page 2, line 4.

Following: "held."

Insert: "A fee of \$35 must accompany the notice."

*Jill Roper  
Room 431*

Committee Vote:

Yes 11 No 1.

4014368C.Hss

HOUSE STANDING COMMITTEE REPORT

February 18, 1993

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Mr. Speaker: We, the committee on Taxation report that House Bill 519 (first reading copy -- white) do pass .

Signed: \_\_\_\_\_

*Bob Gilbert*

Bob Gilbert, Chair

Committee Vote:  
Yes     , No     .

401433SC.Hss

HOUSE STANDING COMMITTEE REPORT

February 18, 1993

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Mr. Speaker: We, the committee on Taxation report that House Bill 421 (first reading copy -- white) do pass as amended .

Signed: \_\_\_\_\_

*Bob Gilbert*

Bob Gilbert, Chair

And, that such amendments read:

1. Page 1, line 15.  
Strike: "build and"

Committee Vote:  
Yes 11, No 1.

401434SC.Hss

HOUSE STANDING COMMITTEE REPORT

February 18, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 539 (first reading copy -- white) do pass as amended.

Signed: Bob Gilbert  
Bob Gilbert, Chair

And, that such amendments read:

1. Page 2, line 13.

Following: "fuel"

Insert: "not intended for resale"

Committee Vote:  
Yes   , No   .

401440SC.Hss

HOUSE STANDING COMMITTEE REPORT

February 18, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 452 (first reading copy -- white) do not pass as amended .

Signed: \_\_\_\_\_

Bob Gilbert  
Bob Gilbert, Chair

And, that such amendments read:

1. Title, line 4.

Following: "PROVIDING"

Insert: "IN CERTAIN CASES"

2. Page 1, line 14.

Following: "laws"

Insert: "when the amount equals or is less than 60% of the  
original amount owed under department calculations"

Committee Vote:

Yes   , No   .

441443SC.Hss

## QUICK FACTS

### WYOMING

**Population:** 453,600

**Area:** 97,914 Sq. Miles (253,597 Sq. KM)

**Capital:** Cheyenne

**Highest Point:** 13,804 Ft.  
Gannett Peak (4207 M)

**Lowest Point:** 3,100 Ft.  
Belle Fourche River (945 M)

**Time Zones:** Mountain, DST.

**Minimum Age For Drivers:** 16

**Alcoholic Beverage Laws:** Liquor sold by package and drink in any type of licensed store or establishment. Sunday sales noon - 10 p.m. by local option. Interstate import limit 3 quarts. Legal age 21.

**Local Taxes:** Wyoming's statewide sales tax is 3 percent, with local options for an additional increment up to 2 percent. Localities may also impose lodging taxes up to 4 percent.

## QUICK FACTS

### SOUTH DAKOTA

**Population:** 696,000

**Area:** 77,047 Sq. Miles (199,551 Sq. KM)

**Capital:** Pierre

**Highest Point:** 7,242 Ft. (2207 M)  
Hamey Peak

**Lowest Point:** 962 Ft. (293 M)  
Big Stone Lake

**Time Zones:** Central/Mountain, DST.

**Minimum Age For Drivers:** 16

**Alcoholic Beverage Laws:** Liquor sold by package and drink at any store or establishment with a license. Some sales Sunday. Legal age 21. Interstate import limit 1 gallon for persons 21 or older.

**Gambling:** Minimum age 21. Maximum bet \$5, except where otherwise noted.

**Local Taxes:** South Dakota's statewide sales tax is 4 percent, with local options for an additional 2 percent. Certain localities may impose another 1 percent on lodgings, admissions, food and alcoholic beverages.

## QUICK FACTS

### IDAHO

**Population:** 1,006,700

**Area:** 83,557 Sq. miles (216,413 Sq. KM)

**Capital:** Boise

**Highest Point:** 12,662 Ft.  
Borah Peak (3859 M)

**Lowest Point:** 710 Ft.  
Snake River (216 M)

**Time Zones:** Mountain/Pacific, DST.

**Minimum Age For Drivers:** 16

**Alcoholic Beverage Laws:** Liquor sold by package in state liquor stores and by the drink at any licensed establishment. No sales by drink 1 a.m. Sunday to 10 a.m. Monday. Legal age 21. Interstate import limit 2 quarts per person.

**Local Taxes:** Statewide sales tax is 5 percent. There is a 2 percent Travel and Convention Tax on lodgings, with local options to levy up to an additional 5 percent.

## QUICK FACTS

### MONTANA

**Population:** 799,100

**Area:** 147,138 Sq. Miles (381,087 Sq. KM)

**Capital:** Helena

**Highest Point:** 12,799 Ft. (3901 M)  
Granite Peak

**Lowest Point:** 1,862 Ft. (568 M)  
Kootenai River

**Time Zones:** Mountain, DST.

**Minimum Age For Drivers:** 16

**Alcoholic Beverage Laws:** Liquor sold by package in state liquor stores and by drink at any type of establishment with a license. Legal age 21. Interstate import limit 3 gallons.

**Gambling:** Limited.

**Local Taxes:** Montana does not have a statewide sales tax. Designated resort communities may enact a Resort Tax of up to 3 percent for goods and services. There is a 4 percent statewide lodging tax.



## FINANCE/CITY CLERK OFFICE

435 RYMAN ST. • MISSOULA, MT 59802-4297 • (406) 523-4700

FAX (406) 728-6690

FINANCE AND COST MANAGEMENT  
BUDGET ANALYSIS  
ACCOUNTING  
CITY CLERK  
UTILITY BILLING  
RISK MANAGEMENT  
GRANT ADMINISTRATION

EXHIBIT  
2/18/93

116591

### **CITY OF MISSOULA** **CHUCK STEARNS TESTIMONY ON HOUSE BILL 591** **February 18, 1993**

The City of Missoula supports House Bill 591 as a fair way to help pay for some of the impacts that the tourism sector imposes on local governments. Local taxes on transient lodging are found in more states (43 states) than any other selective excise tax.<sup>1</sup> The reason for this wide imposition of the tax is the recognition that tourists do impose service costs on local governments during their stay in the town.

The last time we studied police and fire calls in Missoula, of the discernable calls that could be identified as commercial or residential, commercial properties generated 54% of the police calls and 35%-40% of the fire calls. Numbers of calls is not a good indication for resources tied up in a particular response, but it is the best available.

Hotels and motels create a high fire hazard 24 hours a day because they have high rates of occupancy 24 hours a day for both conventions and room occupancies. The typical commercial and residential occupancy is occupied for only parts of each day. In addition, some of the most heinous crimes occur in hotels - Missoula's only homicide in 1987 occurred at a motel. Hotels and motels are also often regarded as havens for drug transactions.

Perhaps an overlooked impact on local governments is the trend whereby tourists are attracted to visit Montana, they see the relatively low land prices compared to where they live, and they come to buy raw acreage for development or subdivision. I am not sure if the subdivision bills in this year's Legislature would be commanding such attention were it not for the carving up of Montana that is currently going on around the tourism centers of the state.

A lodging tax is also an equitable tax. The burden is imposed on users of lodging facilities and such users in Montana normally do not pay any other direct local tax. As to whether the burden is absorbed by the lodging facility or "forward-shifted" to the tenant does not affect its equitable nature.

This bill represents the fifth session that I have testified on the importance of a local share of the accommodations tax. I reviewed an invoice to the City of Missoula from a Seattle hotel recently and the taxes on lodging there included an 8.2% general sales tax and a 7% accommodations tax. Not only is there room in Montana's accommodations tax to help local communities pay for the impacts of tourism, it is the fair and equitable action to take. We encourage your support of HB591.

---

<sup>1</sup> John H. Bowman and John L. Mikesell, *Local Government Tax Authority and Use*, (Washington, D.C.: National League of Cities, 1987), p. 96.

# Travel Montana has \$5 million

BY KATHY McLAUGHLIN  
IR State Bureau

The state's tourism promotion division has an unexpected \$5 million to spend, thanks to extra money brought in over the last two years from a tax aimed at visitors.

But a member of a legislative funding panel said he hopes the additional money isn't given to out-of-state companies contracted for national advertising.

According to Travel Montana Director Matthew Cohn, most of the \$1 million or so spent on print ads last year went to agencies in the Midwest and California.

Cohn said no Montana companies bid on printing the color travel brochures that are sent out around the country to attract tourists to the state.

Sen. Gerry Devlin, R-Terry, said he thinks it's wrong that state money is being spent elsewhere for travel promotion.

"I don't think they lied to us, but it seems strange to me that with all the printers in the state of Montana they couldn't find anyone to do it," said Devlin, who serves on the Joint Appropriations Subcommittee on Natural Resources.

Cohn told the subcommittee about the big tax windfall this week and gave an overview of how the division spent its \$5.5 million bud-

## No local printing bids; money might leave state

et last year. The windfall brings the division's budget for the next two years to about \$18.6 million, \$5 million higher than originally estimated, Cohn said.

A Bozeman printer who has been looking at state contracts said Cohn was correct that technology used to print the catalogues doesn't exist in Montana.

Stan Bugard, owner of Color World Printers in Bozeman, said in-state printers could do a better job with the technology they have, but would have to charge more. "That saves Montana money there," he said.

However, he added that the situation may never change if the state keeps sending its business elsewhere.

"Montana printers have never had an opportunity to get big, because so much is printed out of state," he said.

Devlin said he'd like to strengthen rules surrounding print advertising bids. He said legislation could be brought up that would help insure that Montana printers are used more often.

Sen. Greg Jergeson, D-Chinook, who also serves on the subcommittee, said sending printing to other states may be the only way to operate right now. "Even though it's kind of disconcerting, I don't have a basis for trying to compel them to do otherwise," he said.

Cohn said the incentive for in-state printers is already in place. Montana firms are given an 8 percent preference for contracts, but none has ever tried to take on the contracts.

He said that regardless of where the guides are printed, they are bringing people to the state. Last year, the state had 450,000 inquiries from potential tourists after about 2.75 million pieces of literature on the state were distributed. Many of the mailings, including newsletters, official letterhead and postcards, were printed in Montana, Cohn said.

Nearly all of the money spent on broadcast advertising is kept in Montana. A Great Falls firm has a contract for the Travel Montana television campaign, Cohn said.

Cohn said that by advertising, he hopes people will stay longer and spend more money in the state. Last year, visitors spent about \$900 million in Montana, according to research done at the University of Montana.

DATE 2/19/92  
HB 591

# The City of Kalispell

Incorporated 1892

Telephone (406) 752 6600

P.O. Box 1997

Zip 59903-1997

EXHIBIT 4  
DATE 2/18/93  
HB 591

Douglas Raulhe

Mayor

Bruce Williams

City Manager

City Council  
Members:

Gary W. Nystul  
Ward I

Cliff Collins  
Ward I

Barbara Moses  
Ward II

Fred Buck  
Ward II

Jim Atkinson  
Ward III

Lauren Gronmo  
Ward III

Pamela B. Kennedy  
Ward IV

M. Duane Larson  
Ward IV

February 17, 1993

Honorable Representative Bob Gilbert, Chairman  
House Taxation Committee  
Montana State House of Representatives  
State Capitol  
Helena, MT 59620

RE: Support of HB #591

Dear Representative Gilbert:

I am writing you to express the City of Kalispell's support of House Bill #591, an act that would increase the accommodations tax from 4% to 7%, with the increase in resulting revenue to go to cities and counties on both a per capita basis and point of origin.

It is our opinion as local government public officials that the intent of the original Lodging Facility Tax has far exceeded its primary purpose of promoting Montana as a beautiful, wonderful place to visit. As a result, Montana has not only been discovered, but it is now being touted as the last best place to live.

Consequently, we in local government have been called upon to provide public services to an ever-growing population of tourists. We do understand that there is some local economic benefit to having a partially dependent tourist economy, however, as a local government agency, we currently have no way of recovering the cost of accommodating the large number of tourists we get annually here in the Flathead.

For example, each year over three million tourists visit this part of the state, use our services and do not contribute one dime toward the economic health of local governments who are charged with providing parks, playgrounds, water, sewer, police, street systems and leisure activities all paid for locally, but used extensively by the tourist.

I mentioned earlier that the objective of the original lodging tax legislation has been fulfilled with respect to attracting large numbers of tourists to the State. I failed to mention that the original 4% tax has grown from

three million dollars to over seven million dollars annually, with not one cent of the money going toward payments for local government services being consumed by the tourist.

Because of this, we are urging your support of HB #591 as we see it as a means of addressing a major inequity that places the total cost of providing public services to the tourist on the back of the local taxpayer. HB #591 will go a long way toward improving this inequity.

Sincerely,



Bruce Williams  
City Manager

BW/ms

House Bill #591 - Representative Norm Wallin  
February 18, 1993

EXHIBIT 5  
DATE 2/18/93  
HB 591

House Taxation - 8:15 AM; Room 437  
Chairman: Representative Bob Gilbert

**I. Introduction - Montana Tourism Coalition**

- A. Purpose of the Coalition - represent broad interests of all elements of the tourism industry
- B. Membership - 35 industry associations comprise the Coalition

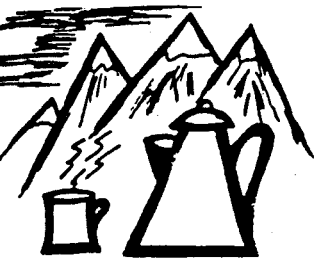
**II. Opposed to H.B. 591**

- A. July 19, 1993 we opposed H.B. 17 by Rep. Galvin which would have similarly taxed this industry with proceeds accruing to the State of Montana. That proposal was rejected for the same reason that H.B. 591 should be voted down
- B. While we understand the fiscal problems at the state and local levels, and increase level of tax on this narrow base will not begin to resolve the fundamental problems of local gov't finance in Montana. Two outcomes will occur:
  - 1) If put in place, the tax would never be removed. You will have effectively removed all potential within the industry to better itself for the benefit of the State. This has been a success in Montana.
  - 2) You run the risk of slowing the growth of an industry that has helped get the State through some very difficult times.
- C. Both tourists and the state's tourism industry does carry a tax burden under the current tax structure that certainly impacts local gov'ts and state gov't apart from the accommodation tax
- D. H.B. 591 in this version recognizes the need for over-all tax reform by trying to coordinate with a broad-based tax reform proposal - the sales tax. However, the language in the introduced bill fails to do that. The potential tax on accommodations under this proposal is 11% if either of the sales tax proposals are passed as currently drafted. That cannot be fixed in this bill.

**III. Close**

- A. There are many other representing the various sectors of the tourism industry who wish to speak on this bill. However, I must make one last point and that is the industry does not come before this committee as being opposed to any change. We did not oppose the 7% surtax at the last special session, nor did we oppose the balance transfer from this account that helped balance the General Fund in July 1992. Further, we do not expect to be exempted under any sales tax proposal.

**IV. I would urge the committee to recommend a "do not pass" on House Bill 591.**



MONTANA BED & BREAKFAST  
ASSOCIATION  
5557 HWY 93 SOUTH  
SOMERS, MONTANA 59932

EXHIBIT 6  
DATE 2/18/93  
HB 591

February 18, 1993

Testimony in Opposition to HB-591

Good morning Committee Members, Ladies and Gentlemen:

I am Wayne Finney from Somers, Montana. My wife and I own and operate the Osprey Inn Bed & Breakfast. I am President of the Montana Bed & Breakfast Association, which has as its membership 63 Bed & Breakfast establishments located throughout the State of Montana.

Today I am testifying as both, a small business operator, and as President of the Montana B&B Assn. which is made up of small businesspersons like myself.

House Bill 591, introduced by Representative Wallin, proposes "An Act Increasing The Accommodation Tax From 4 Percent To 7 Percent".

A Point of clarification--As a result of the July 1992 special Legislative session, changes were made to the Accommodation Tax Rate and have been effective since October 1, 1992. The current tax being charged on accommodations is 4.28 percent--not 4 percent.

The original theory of the accommodation tax, more commonly referred to as "bed tax", was that the monies collected by accommodation providers, both big and small, would be used to enhance the Montana Tourism Industry. Bed tax monies would fund programs to promote Montana as a wonderful place to visit and vacation. Even though Montana has long been a favored vacation destination, the efforts of the Montana Department of Commerce, funded by the bed tax monies, has served to further increase tourist visitation in record numbers. Tourism has become one of the top revenue producing industries in this state, if not the leading industry.

Bed tax monies, collected at 4 percent, amounted to five or six million dollars per year. Then last year the raid began. In the absence of other tax collection based revenue programs, the bureaucrats greedily eyed the bed tax funds. Last year the overall 7 percent increase in all tax assessment systems, increased the 4 percent bed tax to 4.28 percent with portions of the collected bed tax money to go to other than tourism enhancement projects.

Now, in absence of a system that works, this bill, HB-591, proposes to increase accommodation tax from 4 percent (really 4.28 percent) to 7 percent. The additional revenue generated, expected to be in the several million dollar range, is to go to the General Fund.

Why should the accommodation users through the tax collected by the accommodation providers, both big and small, bear the burden of propping up the general fund?

As a businessperson dealing with the traveling public, it is complicated enough to have to explain to out-of-state visitors, "That in this non-sales tax state, the bed tax is the only tax paid by the visitor. But that the monies collected go to the tourism promotion." To be placed in a position to have to explain that the bed tax goes to the general fund, to cover an assortment of state financial problems, even though the local residents don't routinely pay into it, grates on my conscience.

Small businesses do not need this added cost to be added to the price of the accommodation they are selling. An added 3 percent may be the difference of whether or not a customer will buy a room. A vacancy of two rooms for the small four room bed and breakfast amounts to a 50% vacancy rate. The big motel/resort complex with 150 rooms does not so acutely feel the impact of two or three rooms vacant--but the bed and breakfast does.

Please, don't increase the bed tax alone! You are putting an added burden on the small businessman who is honestly trying to make a living on our great state. He pays to have a license to operate; he pays taxes on his property, he pays income tax; he pays for signage to the State; he may pay workman's comp. Pretty soon he can't pay anymore because the state will have taxed him out of business! I implore you to keep the bed tax where it is and not manipulate it as a means of balancing the State budget.

Sincerely,

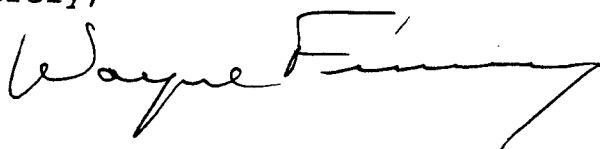
A handwritten signature in cursive script, appearing to read "Wayne Finney". The signature is written in dark ink and is positioned below the "Sincerely," text.

EXHIBIT 7  
DATE 2/18/93  
HB 591

February 18, 1993

House Taxation Committee

Testimony in opposition to HB 591 - A BILL TO INCREASE THE  
BED TAX BY 3%

GREG BRYAN - PRESIDENT, MONTANA TOURISM COALITION

CHAIRMAN GILBERT AND COMMITTEE MEMBERS - GOOD MORNING.

YOU ARE NOT IN AN ENVIABLE SITUATION AND I WILL NOT TAKE UP  
MUCH OF YOUR TIME, AS YOU DEAL WITH THE SIGNIFICANT ISSUES OF  
OUR STATE'S BUDGETARY PROBLEMS. YOUR TASK IS TO FIND  
SOLUTIONS THAT WILL SHORE UP OUR STATE'S ECONOMIC POSITION  
AND DETERMINE WAYS THAT WILL PROVIDE REVENUE, WHILE NOT  
INHIBITING ECONOMIC GROWTH. A DIFFICULT TASK IN THE CALMEST  
OF TIMES, LET ALONE THESE TIMES OF URGENCY AND STRESS.

HB 591 IS NOT SUCH A SOLUTION FOR MONTANA. IT SEEKS TO  
SELECTIVELY BURDEN AND IMPACT AN INDUSTRY THAT IS ALREADY  
DOING A GREAT DEAL TO GENERATE ECONOMIC GROWTH, THROUGH JOBS,  
CAPITAL INVESTMENT, MARKETING, AND BRINGING IN MONEY FROM  
OUTSIDE MONTANA. THE \$175 MILLION IN ROOM SALES LAST YEAR  
PRODUCED OVER \$900 MILLION IN DIRECT EXPENDITURES BY NON-  
RESIDENTS, WHICH IN TURN, PROVIDED OVER \$2 BILLION IN  
ECONOMIC IMPACT TO THIS STATE. AN INDUSTRY THAT RECEIVES  
ONLY 17% OF THE NON-RESIDENT'S DOLLAR, YET COLLECTS 100% OF  
THE MARKETING FUNDS USED TO ENTICE THEM TO MONTANA. THIS  
INDUSTRY IS ALREADY DOING IT'S SHARE TO CREATE A BETTER  
ECONOMIC CLIMATE AND IS NOW BEING ASKED TO DO MORE. IT IS  
NOT THAT WE ARE NOT WILLING TO BE PARTNER'S IN BROAD BASED  
SOLUTIONS, IT IS THAT THIS REQUEST IS UNREASONABLE AND

EXHIBIT #7  
DATE 2-18-93  
HB-591

INEQUITABLE.

WE RESPECT THE CONCERNS AND PROBLEMS OF THE COUNTIES, CITIES AND TOWNS, FOR IN REALITY THEY ARE ALSO OUR PROBLEMS. THIS BILL SEEMS TO PLACE THE ENTIRE RESPONSIBILITY UPON ONE SEGMENT OF THE BUSINESS COMMUNITY, RATHER THAN CREATING A BROAD BASED SOLUTION FOR BROAD BASED BENEFIT. LIKE OTHER BUSINESSES AND RESIDENTS, THE LODGING INDUSTRY PAYS IT'S SHARE OF TAXES, BOTH STATE, COUNTY AND CITY, TO DEAL WITH THE IMPACTS OF ALL TYPES OF BUSINESS. NOW THEY ARE BEING ASKED TO DO MORE THAN OTHERS, WHILE SHARING IN A MUCH SMALLER SHARE OF THE BENEFITS AND TAKING THE FULL BRUNT OF THE IMPACT UPON IT'S CLIENTELE.

A 1990 SURVEY, DONE BY PURDUE UNIVERSITY, SHOWED THAT FOR EVERY 10% OF BED TAX PLACED UPON A ROOM THERE WAS A LOSS OF 4.4% IN THE NUMBER OF ROOMS RENTED. THIS FIGURE TOOK INTO ACCOUNT THE LARGER 300-600 ROOM HOTELS, AS WELL AS SMALLER PROPERTIES. MONTANA IS A SMALL PROPERTY STATE AND THE STUDY SHOWED THAT THE EFFECTIVE EXPERIENCE WOULD BE A MUCH GREATER LOSS OF 6.18% IN ROOMS RENTED. A SUBSTANTIAL PRICE TO PAY FOR AN INEQUITABLE AND BAND-AID SOLUTION TO A STATE WIDE PROBLEM. WE CAN SIT HERE AND SAY IT WOULD NOT IMPACT OUR DECISION TO STAY SOMEWHERE, BUT THE RESEARCH SAYS IT DOES, AND IT IS OUR POSITION THAT WE CAN NOT AFFORD TO IGNORE THEIR FINDINGS.

THE TOURISM INDUSTRY CAME TO THE LEGISLATURE AND CREATED A

EXHIBIT #7  
DATE 2-18-93  
#1 HB-591

PARTNERSHIP IN 1987 TO PLACE A TAX UPON IT'S ROOMS TO  
GENERATE MARKETING DOLLARS THAT WOULD CREATE A STABLE EFFORT  
IN IMPROVING MONTANA'S ECONOMY. THE LODGING INDUSTRY  
SUPPORTED THE EFFORT. NOW, BECAUSE THE MONEY HAS BEEN USED  
WISELY AND EFFECTIVELY IN CREATING ONE OF MONTANA'S FEW  
GROWING INDUSTRIES, OTHERS WANT TO PILE ON THE BAGGAGE AND  
TURN THE PRODUCTIVE TEAM CONCEPT INTO A PACK MULE CONCEPT,  
WITH A LOAD THAT WILL IMPAIR IT'S ABILITY TO BE PRODUCTIVE.  
THE TOURISM INDUSTRY PROVIDES ABOUT 32,000 JOBS IN MONTANA  
AND IS GROWING, WHILE OTHER INDUSTRIES ARE LAYING OFF  
EMPLOYEES AND FACING REDUCTIONS OF 25-30% THIS NEXT YEAR.  
THE LODGING INDUSTRY IS A KEY COMPONENT OF THE TOURISM TEAM  
AND CANNOT AFFORD THE IMPACT OF THE ADDITIONAL SELECTIVE TAX.  
IT IS THESE TYPES OF PILING ON OF TAXES THAT INHIBITS OTHER  
INDUSTRIES FROM STEPPING FORTH TO HELP, AS THE TOURISM  
INDUSTRY HAS DONE.

WE ARE VERY WILLING TO PARTICIPATE IN A BROAD BASED SOLUTION  
THAT ADDRESSES MONTANA'S ECONOMIC PROBLEMS ON THE STATE,  
COUNTY AND MUNICIPAL LEVELS. BUT WE CANNOT SUPPORT A  
SOLUTION THAT PLACES 100% OF THE RESPONSIBILITY ON A 17%  
BENEFICIARY AND CALL IT EQUITABLE AND BROAD BASED. WE URGE  
YOU TO VOTE A DO NOT PASS ON THIS BILL AND LOOK TO OTHER  
LEGISLATION THAT WILL BE BEFORE YOU THAT IS BROAD BASED AND  
EQUITABLE.

THANK YOU FOR YOUR TIME THIS MORNING AND I WILL BE AVAILABLE  
FOR QUESTIONS.



SUPER 8 MOTEL - HARDIN

EXHIBIT 2  
DATE 2/18/93  
HB 591

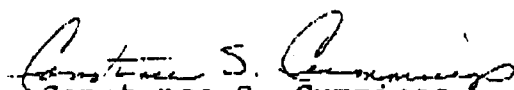
Drawer M • 201 14th St. • Hardin, MT 59034 • (406) 665-1700

February 16, 1993

Mr. John Bolinger  
Mr. Jerry Driscoll  
Mr. Tom Nelson

and other members of the House Taxation Committee

PLEASE VOTE NO ON HOUSE BILL 591

  
Constance S. Cummings  
Manager,  
Super 8 Motel.*North America's Finest Economy Lodging<sup>SM</sup>*

Amendments to House Bill 591  
First Reading Copy

Prepared by Department of Revenue  
(2/16/93)

1. Page 3, line 13.

Following: "~~75%~~"

Strike: "41.4%"

Insert: "55.2% to the credit of the department of commerce for  
distribution as follows:  
(A) 75%"

2. Page 3, line 17.

Following: "~~(ii)~~"

Strike: "(iv) (A)"

Insert: "(B)"

3. Page 3, line 18.

Following: "(c)"

Strike: "(iv)(B)"

Insert: "(iii)(C)"

4. Page 3, line 18.

Following: "~~25%~~"

Strike: "13.8"

Insert: "25"

5. Page 3, line 22.

Following: "~~(iii)~~"

Strike: "(B)"

Insert: "(C)"

6. Page 3, line 22.

Following: "~~25%~~"

Strike: "13.8"

Insert: "25"

7. Page 4, line 5.

Strike: "(v)"

Insert: "(iv)"

8. Page 4, line 22.

Following: "county."

Insert: "(C) the department of revenue must distribute collections required under 2(iv) (A) and (B) within 60 days after the close of the calendar quarter.  
(D) adjustments from prior quarters must be taken from current collections."

9. Page 4, line 24.

Following: "(c)"

Strike: "(iv)"

Insert: "(iii)(B) and (C)"

10. Page 5, line 21.

Following: "(c)"

Strike: "(iv)"

Insert: "(iii)(B) and (C)"

11. Page 6, line 17.

Following: "place."

Insert: "[Section 2] applies to all collections on or after July 1, 1993, regardless of the period to which the payment is applied."

Reason for Amendments:

Amendments 1 through 7 and 9 and 10 clarifies the distribution of the collections that must be distributed by the Department of Commerce. As written the bill requires the Department of Revenue to distribute collections which can only be distributed after the tourism regions and cities or consolidated city-counties meet certain criteria established and monitored by the Tourism Advisory Council whose liaison is the Department of Commerce. If those criteria are not met, the Department of Commerce may then devote those collections to promote tourism and the state as a location for the production of motion pictures and television commercials.

Amendment 8 sets a time limit for distribution of proceeds to the local governments and states that prior period adjustments must be taken from current collections.

Amendment 11 states that collections on or after July 1, 1993 will be made under the July 1, 1993 distribution statute. Otherwise, the Department of Revenue will be making distributions both under the new law and the old law.

EXHIBIT 10  
DATE 2/18/93  
HB 421

Amendments to House Bill No. 421  
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman  
February 17, 1993

1. Page 1, line 15.  
Strike: "build and"

EXHIBIT 11  
DATE 2/18/93  
HB 415

Amendments to House Bill No. 495  
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman  
February 18, 1993

1. Page 1, line 21.

Strike: "\$25"

Insert: "\$175"

2. Page 2, line 4.

Following: "held."

Insert: "A fee of \$35 must accompany the notice."

Amendments to House Bill No. 452  
First Reading Copy

Requested by  
For the Committee on Taxation

Prepared by Lee Heiman  
February 18, 1993

EXHIBIT 10  
DATE 2/18/93  
HB 457

1. Title, line 4.

Following: "PROVIDING"

Insert: "IN CERTAIN CASES"

2. Page 1, line 14.

Following: "laws"

Insert: "when the amount equals or is less than 60% of the  
original amount owed under department calculations"

EXHIBIT 13  
DATE 2/18/93  
HB 452

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 2/18/93 BILL NO. 452 NUMBER \_\_\_\_\_

MOTION: by Rep. Harrington That HB 452  
Do Pass As Amended

NAME	AYE	NO
REP. FOSTER		X
REP. HARRINGTON	X	
REP. ANDERSON		X
REP. BOHLINGER		X
REP. DOLEZAL	X	
REP. DRISCOLL	X	
REP. ELLIOTT		X
REP. FELAND		X
REP. HANSON		X
REP. HARPER	X	
REP. HIBBARD		X
REP. KELLER		X
REP. McCAFFREE	X	
REP. MCCARTHY	X	
REP. NELSON		X
REP. ORR		X
REP. RANEY	X	
REP. REAM	X	
REP. TUNBY		X
REP. GILBERT		X

Amendments to House Bill No. 519  
First Reading Copy

Requested by Rep. Barnhart  
For the Committee on Taxation

Prepared by Lee Heiman  
February 18, 1993

1. Title, line 9.

Following: "TAXPAYER;"

Insert: "INCREASING THE DEDUCTION ALLOWED FOR PURCHASE OF  
RECYCLED MATERIAL TO 10 PERCENT FROM 5 PERCENT;"

Strike: "AND"

Insert: ", "

Following: "15-32-603,"

Insert: "AND 15-32-610,"

2. Page 8.

Following: line 8

Insert: "Section 4. Section 15-32-610, MCA, is amended to read:

"15-32-610. (Temporary) Deduction for purchase of recycled material. In addition to all other deductions from adjusted gross individual income allowed in computing taxable income under Title 15, chapter 30, or from gross corporate income allowed in computing net income under Title 15, chapter 31, part 1, a taxpayer may deduct an additional amount equal to 5% 10% of the taxpayer's expenditures for the purchase of recycled material that was otherwise deductible by the taxpayer as business-related expense in Montana. (Terminates December 31, 1995--sec. 9, Ch. 712, L. 1991.)"

{Internal References to 15-32-610: None.}

Renumber: subsequent sections

EXHIBIT 15  
DATE 2/18/93  
HB 539

Amendments to House Bill No. 539  
First Reading Copy

Requested by DOT  
For the Committee on Taxation

Prepared by Lee Heiman  
February 17, 1993

1. Page 2, line 13.

Following: "fuel"

Insert: "not intended for resale"

DATE 2/18/93  
HB 557

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 2/18/93 BILL NO. HB 557 NUMBER \_\_\_\_\_

MOTION: My Rep. Mc Caffree that HB 557  
Do Pass

NAME	AYE	NO
REP. FOSTER		X
REP. HARRINGTON	X	
REP. ANDERSON		X
REP. BOHLINGER		X
REP. DOLEZAL	X	
REP. DRISCOLL	X	
REP. ELLIOTT		X
REP. FELAND		X
REP. HANSON		X
REP. HARPER	X	
REP. HIBBARD		X
REP. KELLER		X
REP. McCAFFREE	X	
REP. MCCARTHY	X	
REP. NELSON		X
REP. ORR		X
REP. RANEY	X	<del>X</del>
REP. REAM	X	
REP. TUNBY		X
REP. GILBERT		X

EXHIBIT 17  
DATE 2/18/93  
HB 557

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL VOTE

DATE 2/18/93 BILL NO. HB 557 NUMBER \_\_\_\_\_

MOTION: by Rep. Foster that HB 557  
be Tabled.

NAME	AYE	NO
REP. FOSTER	X	
REP. HARRINGTON		X
REP. ANDERSON	X	
REP. BOHLINGER	X	
REP. DOLEZAL		X
REP. DRISCOLL		X
REP. ELLIOTT	X	
REP. FELAND	X	
REP. HANSON	X	
REP. HARPER		X
REP. HIBBARD	X	
REP. KELLER	X	
REP. McCAFFREE		X
REP. MCCARTHY		X
REP. NELSON	X	
REP. ORR	X	
REP. RANEY		X
REP. REAM		X
REP. TUNBY	X	
REP. GILBERT	X	

HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. HB 591

DATE 2/18/93

SPONSOR(S) WALLIN

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Betsy Taylor PO Box 3681 Bozeman Box 160279	Days Inn		X
MIKE SCHULTZ Big Sky, MT	BEST WESTERN BACK'S T-Y Lodge		X
WAYNE FINNEY 5557 Hwy 93S SOMERS, MT	MT B&B ASSN		X
Ken Hooover 1	MT. Snowmobile Assn.		X
London Morris	MAA	HB 591	
Patricia Abelin 1612 W. Olive, #4, Boz	Bozeman Chamber of Comm		X
ONG BRYAN Box 35 Whitefish	Montana Tourism Coalition		X
Larry Jackson	City of Great Falls	✓	
Chuck STEARNS	City of Missoula	✓	
Keith L. Colbo	Tourism Coalition		X
Tim BERGSTROM	MT. STATE COUNCIL OF PROFESSIONAL FIRE FIGHTERS	X	
Alec Hansen	CITIES	X	
ED FLIES	MT STATE FIREMAN'S ASSOC.	X	
Mike Anderson	MT STATE COUNCIL OF PROF. FIRE FIGHTERS	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS  
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER

House Tax COMMITTEE BILL NO. HB 591  
DATE 2-18-23 SPONSOR(S) Wallin

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Robert Dunlop	myself 5820 N. Helena Montana		X
Chas Mahara	DOR		
VERA SITTER	BW Colonial Inn		X
Stuart Duggell	MT Truckers Assoc.		X
Jim Wheeler	MT Chamber		✓
Matthew Cohn	MT Dept of Commerce		

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