

**MINUTES**

**MONTANA SENATE  
54th LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON TAXATION**

**Call to Order:** By **CHAIRMAN GERRY DEVLIN**, on March 17, 1995, at 8:00 A.M.

**ROLL CALL**

**Members Present:**

Sen. Gerry Devlin, Chairman (R)  
Sen. Mike Foster, Vice Chairman (R)  
Sen. Mack Cole (R)  
Sen. Delwyn Gage (R)  
Sen. Lorents Grosfield (R)  
Sen. John G. Harp (R)  
Sen. Dorothy Eck (D)  
Sen. Barry "Spook" Stang (D)  
Sen. Fred R. Van Valkenburg (D)

**Members Excused:** **SEN. FRED VAN VALKENBURG**

**Members Absent:** None

**Staff Present:** Jeff Martin, Legislative Council  
Renée Podell, Committee Secretary

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

**Committee Business Summary:**

Hearing: SB 420, HB 524, SB 421  
Executive Action: SB 414, SB 418

**HEARING ON SB 420**

**Opening Statement by Sponsor:**

**SEN. J. D. LYNCH, SD 19, Butte**, announced SB 420 is a job incentive bill for employers. He stated a tax credit will be given to anyone who creates new jobs. He said the bill gives 10% of the income up to one full year as a tax credit on the new job created. **SEN. LYNCH** explained the DOR will present some technical amendments. He stated the bill should be revenue neutral and should mean an increase in overall taxes. He submitted a handout giving a summary of the bill. **EXHIBIT 1.**

Proponents' Testimony:

Bill Bermingham presented written testimony. **EXHIBIT 2.** Dennis Burr, Montana Taxpayers Association, stated one thing that is unique about this bill is there are off-setting gains in taxation as a result of jobs created by this bill. He said this is a concept used in many states.

David Owen, Montana Chamber of Commerce, commented the chamber supports this bill because it is a true incentive. He urged support for SB 420.

Robert White, Bozeman Area Chamber of Commerce, strongly urged support for this bill.

Darrell Holzer, Montana AFL-CIO, commended Mr. Birmingham and SEN. LYNCH for bringing this bill to the legislature.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. DOROTHY ECK asked Mr. Robinson what happened to the proposal made a year ago by the Governor which was similar to this bill. Mr. Robinson said the Department of Revenue did work on a proposal similar to this bill, however, there wasn't a lot of support found for the concept.

SEN. MIKE FOSTER questioned Mr. Birmingham in regard to this bill doubling jobs in the State of Montana. Mr. Birmingham said another 2500 jobs is reasonable. SEN. FOSTER asked Mr. Robinson if the estimate of new jobs with this bill is a reasonable number. Mr. Robinson said the number is reasonable in connection with the Department of Labor statistics.

Closing by Sponsor:

SEN. LYNCH stated this is a most serious attempt to address a problem all of us are thinking about. He said the bill isn't perfect but the bright minds of the Taxation Committee can come up with the necessary amendments. He submitted amendments from the DOR (hbo42001.alh). **EXHIBIT 3.**

HEARING ON SB 421

Opening Statement by Sponsor:

SEN. JOHN HARP, SD 42, Flathead Valley, presented amendments prepared by the DOR, EXHIBIT 4; the very Unofficial Grey Bill, EXHIBIT 5; and an Example of Codification of SB 421, EXHIBIT 6. SEN. HARP highlighted Exhibit 6.

Proponents' Testimony:

Dennis Burr, Montana Taxpayers Association, strongly supported SB 421. He commented the best thing the legislature could do in restoring trust in the institution is to reinstate Initiative 105 in some form. He stated essentially what the bill does is put schools on the same basis as local government and it takes the windfall that results from reappraisals away from local governments unless the windfall is approved by the voters. Mr. Burr said the increase in taxes from \$656 million to \$701 million in one year is a result of local governments being able to keep their levies the same and take advantage of the increase in valuation cost of reappraisal.

David Owen, Montana Chamber of Commerce, said he was involved in 13 to 15 debates throughout Montana and the one element that came up at every debate was the comment, legislators took I-105 away from the people. He acknowledged this bill represents the solid balance and the clear statement needed by the people of Montana. He strongly supported SB 421.

Susan Good, Citizens Against Prolific Spending, affirmed support for SEN. HARP'S efforts stating this is comprehensive, sensible, effective and the best piece of tax legislation she has seen this session. She said this gives Montanan's a chance to have faith in their government.

Mike Mason commented Montanan's have been priced out of their homes. He stated this is an honest attempt which is compassionate to the needs of local cities, counties and taxpayers.

Greg Brian, Bay Point Estates, encouraged a do pass on this bill by the committee.

Lorna Frank, Montana Farm Bureau, supported the bill commenting the members appreciate what SEN. HARP is doing with the property taxes. She stated the members feel strongly that the legislature should not have messed with I-105.

Opponents' Testimony:

Gordon Morris, Montana Association of Counties, presented written testimony. EXHIBIT 7. Mr. Morris submitted letters in opposition to SB 421 from Cascade County Commissioners, EXHIBIT

8; Yellowstone County Commissioners, EXHIBIT 9; Valley County Commissioners, EXHIBIT 10; Carbon County Commissioners, EXHIBIT 11; and Hill County Commissioners, EXHIBIT 12.

{Tape: 1; Side: B; Comments: Tape Turned.}

**Alec Hansen, Montana League of Cities and Towns**, commented he wants to work on something to ease tax burden, however, he wants to work on something that has a chance of succeeding. He said this bill extends the unfairness. He affirmed there has to be a law that works on both sides of the line. **Mr. Hanson** said we deserve an opportunity to work with the committee to try to come up with some kind of a tax restraint program which works for everyone. He acknowledged the bill **SEN. DEVLIN** introduced to limit the growth of property taxes to 2% a year might be a good start.

**Don Waldrun, Montana Rural Education Association**, stated the association members are sitting in the middle not knowing if they support this bill or not, and now there are amendments presented the members haven't seen. He highlighted questions in regard to transportation and retirement and suggested a sunset of two years on the bill.

**Eric Feaver, Montana Education Association and the Montana Federation of Teachers**, presented written testimony and an outline on the adverse impact on schools resulting from SB 421. EXHIBIT 13.

**Larry Fasbender, Cascade County and Great Falls Public Schools**, stated there is a lot of confusion about what the bill does and what the impacts are going to be. He stressed he hasn't seen the amendments. He commented issues in this bill need to be resolved before this legislation can be passed.

**James A. Lofftus, Montana Fire Districts Association**, presented an amendment to exclude fire districts from the bill. EXHIBIT 14.

**Lynda Brannon, Montana Association of School Business Officials, and the School Administrators of Montana**, explained confusion will take place in areas of this bill dealing with joint districts. She suggested further clarification should take place in order to address all of the school needs.

**Michael Keedy, Montana School Board Association**, commented he appreciates the property tax relief offered by **SEN. HARP** in this bill. He said this bill will freeze rather than reduce or limit existing property tax inequities, punish schools for exceeding reliance upon local property tax revenues, and create an accounting nightmare for transportation and retirement levies and for these reasons the association opposes the bill.

Jim Kembel, City of Billings, went on record in opposition to the bill.

Mike Volesky, Montana Association of Conservation Districts, declared opposition to the bill.

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. GAGE asked SEN. HARP if SEN. KEATING'S bill passes and the taxing jurisdictions do pass voted levies how much shift of tax burden will there be. SEN. HARP asked SEN. GAGE if he was talking about Class A property. SEN. GAGE answered, "Yes". SEN. HARP stated Class A property will have an overall reduction of 40%. He stated there will be a shift to Class 4 property, even if this bill doesn't pass. SEN. HARP remarked he is trying to respond to a real need and there will be one or two losers, however, the real losers, if we don't do anything is the taxpayers. He said if the public had a right to vote on this today there would be overwhelming support for this bill.

Closing by Sponsor:

SEN. HARP addressed Mr. Morris commenting he needs to look at the bill a little more. He informed him the bill allows a second reappraisal. SEN. HARP said the schools are concerned with transportation and retirement, which aren't huge dollar amounts, and he will look at those areas in the bill.

HEARING ON HB 524

Opening Statement by Sponsor:

REP. JEANETTE MCKEE, HD 60, Hamilton, stated resort area and community law is already in place, yet the criteria in the law is so restrictive that the community of Whitefish is unable to be designated a resort community. She explained the criteria in current legislation relating to economic well being specifies the major portion of a community's economic well being has to be related to current employment. REP. MCKEE acknowledged in Whitefish's case, retirement was computed as it's primary source of economic well being. She stated HB 524 will adjust the population upward from 2,500 to 5,500 amending existing statutory language so that if tourism is a community's primary or secondary source of economic well being a town like Whitefish can qualify.

Proponents' Testimony:

Andy Feury, Member of Whitefish City Council and Deputy Mayor, expressed strong support for HB 524. He commented he is

proposing only minor amendments to existing legislation which will allow resort taxation to operate in the spirit it was originally intended.

**Phelps L'Hommedieu, Owner of the Palace Bar**, stated the streets desperately need fixing. He reported that \$12 million is needed to repair all the streets in Whitefish. He urged passage of this bill.

**Dale A. Ennor, City Manager**, presented a graph prepared by his wife at no cost to the taxpayers. **EXHIBIT 14**. He acknowledged Whitefish has summer and winter activities which put tremendous strain on local services and explained the fiscal restraints on the City of Whitefish.

**William J. La Brie, Police Chief, City of Whitefish**, submitted written testimony. **EXHIBIT 15**.

**Doug Rommereim, Owner, Great Northern Bar**, stated he is willing to pay a tax that goes to his town because the town needs it.

**Jan Metzmaker, President, Whitefish Water and Sewer District**, presented pictures for the records. **EXHIBIT 16**.

**Donna Mattix, County Superintendent of Schools, Flathead County**, acknowledged a real crying need for adequate streets. She stated the proponents here today are asking the committee for the opportunity to ask their own people to pay the tax.

**Adi Vongontard** remarked he is a proponent of a local option tax. He urged support for HB 524.

**Greg Bryan, Bay Point Estates**, reported the hotel owners support this legislation. He stated this tax will be broad based and fair and it provides a sunset allowing the community to know how long the tax will be enacted.

**Lin Akey, Vice Chairman, Hospital Board**, presented a letter from **W.E. Schreiber, Attorney**, **EXHIBIT 17**; and a letter from

{Tape: 2; Side: A.}

**Kenneth E. S. Platou, Chief Executive Officer, North Valley Hospital**, **EXHIBIT 18**. Mr. Akey stated he is asking the committee to give the Whitefish residents the opportunity to solve their own problems in their own community.

**Mona Jamison, Lobbyist for the City of Whitefish**, stressed the proponents here today are asking for the opportunity to let everyone in the City of Whitefish vote as to whether or not they want to impose this tax. She urged support for this legislation.

The following letters in support of HB 524 were received:

**William E. Hileman, Jr.**, submitted written testimony. **EXHIBIT 19**.

Michael Colins, President, Whitefish Area Chamber of Commerce, submitted written testimony. EXHIBIT 20.

David D. Stewart, President, Whitefish Community Development Corporation, submitted written testimony. EXHIBIT 21.

Bob Rocchi, Provident Financial, submitted written testimony. EXHIBIT 22.

Jane Solberg submitted written testimony. EXHIBIT 23.

Dave Jamison, Chairman, Whitefish Board of Adjustments, submitted written testimony. EXHIBIT 24.

Opponents' Testimony:

Kent Frampton, commented this legislation isn't a broad based tax, it is a vote of the people to tax a small portion of the businesses. He stated this isn't a resort tax, it is a selective sales tax that will not be uniformly shared by all the residents in the businesses of Whitefish. Mr. Frampton said the dollars to be raised is a short term fix for a long term problem.

Clyde Jarvis, Montanan's Opposing Sales Taxes, stated if the sponsor has been quoted correctly in the news media, this is the first step toward a widespread sales tax, therefore, we stand in opposition. He said this is a direct affront to those who voted no on the sales tax and certainly to the retirees who live in Whitefish. He urged a do not pass on this bill.

Colleen McKay, Best Bet Casino, said she has received approximately 25 FAX'S from people living in Whitefish who are opposed to the resort tax. She urged a "no" vote on HB 524.

Dan Skiles, Whitefish Businessowner, reported the problems in Whitefish didn't appear over night and a band aid tax on the locals is not the cure.

45 letters in opposition to HB 524 were received and have been made a part of this record. EXHIBIT 25.

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. FOSTER asked Mr. Ennor on the average pothole how much does it cost to fix. Mr. Ennor said the problem in Whitefish is the streets were built decades ago and they were put down on clay. He stated what the city uses is a very expensive coal mix. SEN. FOSTER commented the city doesn't have just potholes, it has street problems.

**SEN. FOSTER** commented the committee has been flooded with letters from the residents in Whitefish and the consensus is the residents are against this bill. He stated the businesses and the users of the tax dollars are for this bill. **SEN. FOSTER** stated the Montana Codes say someone can give money to the city requesting it be used for street repairs. He asked **Mr. Rommereim** what stops him as a businessman from raising his drink prices by 5¢ and taking the money and giving it to the City of Whitefish to fix the potholes. **Mr. Rommereim** said the residents are in this together as a community. He stated the proponents are asking for a vote of the people. **Mr. Rommereim** acknowledged he could give the money to the city, however, he doesn't feel just the bars should pay for the street repairs.

**SEN. STANG** asked **Ms. Jamison** why the language "resort community" wasn't inserted on Page 1, Lines 27 and 28. **Ms. Jamison** acknowledged she was told that the more changes that are made to this law the more opposition there would be. She commented we were told to keep it as narrow as possible to focus on the unique, separate and different problems of Whitefish, there would be more support. **SEN. STANG** asked **Ms. Jamison** about the ballot language referring to pop and drinks being mentioned on the ballot when St. Regis voted on a local option tax. **Ms. Jamison** commented under the law, ballots can only contain 100 words and pop and drinks were not mentioned in the language of the ballot.

**SEN. ECK** questioned **Mr. Ennor** in regard to needing \$12 million in street repairs. She commented the city would have to bond to do that. She asked **Mr. Ennor** if there would be anyway establishments could donate a sum of money and sell bonds on the basis of using donations to pay the bonds off. **Mr. Ennor** said he wasn't sure if the city would bond. He said according to the volume of revenue they could try to do some work each summer.

**Closing by Sponsor:**

**REP. MCKEE** declared HB 524 is about an existing statute already in place in the State of Montana. She stated it has been approved for West Yellowstone, Big Sky, St. Regis, and Red Lodge. She acknowledged the people of Red Lodge voted it down. **REP. MCKEE** said she doesn't see a community in the State of Montana that is more community and resort orientated than the community of Whitefish. She announced the people deserve the opportunity to vote on this issue. She acknowledged a luxury tax is broad based and stressed the proposed taxable items will be listed and published.

**EXECUTIVE ACTION ON SB 414**

**Motion:** **SEN. FOSTER MOVED DO PASS ON SB 414.**

**Discussion:** **Mr. Martin** presented amendments to SB 414 (sb041401.ajm). **EXHIBIT 26.**



Motion/Vote: SEN. ECK MOVED THE AMENDMENTS. THE MOTION CARRIED UNANIMOUSLY. SEN. FOSTER MOVED SB 414 DO PASS AS AMENDED.

Vote: MOTION CARRIED 6 - 3 WITH SEN. DEVLIN, SEN. HARP, AND SEN. GAGE VOTING IN OPPOSITION.

EXECUTIVE ACTION ON SB 418

Motion: SEN. GAGE MOVED AMENDMENTS TO SB 418 (sb041801.ajm)


Discussion: CHAIRMAN DEVLIN asked Mr. Robinson to verify if \$1.7 million with this amendment is gone. Mr. Robinson stated the increase in the revenue would be eliminated as a result of this amendment.

Motion/Vote: MOTION CARRIED 7 - 2 WITH SEN. ECK AND SEN. VAN VALKENBURG VOTING IN OPPOSITION TO THE BILL. SEN. GAGE MOVED DO PASS AS AMENDED ON SB 418.

Vote: MOTION CARRIED 7 - 2 WITH SEN. DEVLIN AND SEN. STANG VOTING IN OPPOSITION TO SB 418.

ADJOURNMENT

Adjournment: 11:03 a.m.

  
GERRY DEVLIN, Chairman

  
RENEE J. PODELL, Secretary

GD/rp

MONTANA SENATE  
1995 LEGISLATURE  
TAXATION COMMITTEE

ROLL CALL

DATE \_\_\_\_\_

March 17, 1995

[illegible]

SEN:1995  
wp.rollcall.man  
CS-09

*Renue*

SENATE STANDING COMMITTEE REPORT

Page 1 of 2  
March 17, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 414 (first reading copy -- white), respectfully report that SB 414 be amended as follows and as so amended do pass.

Signed:   
Senator Gerry Devlin, Chair

That such amendments read:

1. Page 2, line 18.

Following: "15-30-121(1) "

Insert: "or 15-30-136(2) "

2. Page 3, line 11.

Following: "purposes"

Insert: "The maximum credit that a shareholder of a small business corporation, a partner of a partnership, or a member or manager of a limited liability company may claim in a year is \$500."

3. Page 3, line 12.

Following: line 11

Insert: "NEW SECTION. Section 4. Beneficiaries of estates credit for community foundation contribution. A contribution to a general endowment fund of a community foundation by an estate qualifies for the credit provided in [section 1]. Any credit not used by the estate may be attributed to each beneficiary of the estate in the same proportion used to report the beneficiary's income from the estate for Montana income tax purposes. The maximum amount of credit that a beneficiary may claim is \$500, and the credit must be claimed in the year the contribution is made. The credit may not be carried forward or carried back."

Renumber: subsequent sections

4. Page 3, line 18.

Strike: "Section"

Insert: "Sections"

Following: "1"

Insert: "and 4"

Strike: "is"

Insert: "are"



Amd. Coord.  
Sec. of Senate

621222SC.SRF

5. Page 3, line 20.

Strike: "section"

Insert: "sections"

Following: "1"

Insert: "and 4"

6. Page 3, lines 23 and 24.

Strike: "4"

Insert: "5"

-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 17, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 418 (first reading copy -- white), respectfully report that SB 418 be amended as follows and as so amended do pass..

Signed:   
Senator Gerry Devlin, Chair

That such amendments read:

1. Page 4, line 8.

Following: "income."

Insert: "This subsection (5) does not apply to the deductibility of federal income taxes paid on income that is excludable or exempt for Montana income tax purposes."

-END-

  
518

Amd. Coord.  
Sec. of Senate

621227SC.SRF

SB 420

Jobs Gain Tax Incentive Plan

Without Job Additions from SB0420

Estimate of new jobs added each year	2500
Average salary	\$19,000
Total Salaries Paid	\$47,500,000
Tax Credit Amount	10%
Tax Impact	\$4,750,000

With Job Additions from SB0420

Estimate of new jobs added each year	5000
Average salary	\$19,000
Total Salaries Paid	\$95,000,000
Tax Credit Amount	10%
Tax Impact (Dept Revenue loss)	\$9,500,000

- Gives a tax credit incentive to any employer for each new meaningful job over \$17,000 per year  
(the job must be a net increase)
- Tax credit would be 10% of the salary paid for each new job created (owner must apply for credit)

- The bill would be revenue neutral since the new employees would be paying income tax, property tax, gas tax, etc
- Most economists estimate that a basic meaningful job usually results in three additional service related jobs

We have a great University System but a very high percentage of the graduates will have to leave the State to find a job that pays \$17,000 or more

Estimate of new jobs added each year 2500

- Average salary \$19,000
- Total Salaries Paid \$47,500,000
- Average Income tax % paid by individuals 10%

- Total additional income tax paid \$4,750,000
- Other taxes paid (property, gas, etc) 12%
- Total other taxes paid \$5,700,000

Total additional taxes paid

\$10,450,000

Additional Revenue

\$950,000

This does not consider additional spin-off jobs (2.8 for every job created)

7000 jobs

SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 1

BILL NO. SB 420

LC 1424  
SENATE TAXATION SN 420  
DATE March 17, 1970  
EXHIBIT NO. 2  
BILL NO. SB 420  
JOB GAINS TAX INCENTIVE PLAN

THIS IS A BILL TO CREATE JOBS.

- 1) IT WOULD GIVE A TAX CREDIT INCENTIVE TO ANY EMPLOYER FOR EACH NEW MEANINGFUL JOB OF OVER \$17,000 PER YEAR. *IT MUST BE A NET INCREASE.*
  - 2) THE TAX CREDIT WOULD BE TEN PERCENT (10%) OF THE SALARY PAID FOR EACH NEW JOB CREATED. *THE OWNER MUST APPLY FOR CREDIT.*
  - 3) THIS WOULD BE ALLOWED AS A CREDIT ON THE EMPLOYER'S INCOME TAX.
    - A) IF THE ANNUAL SALARY OF THE EMPLOYEE IS \$20,000, THE EMPLOYER WOULD BE ABLE TO TAKE A TAX CREDIT OF \$2,000.
  - 4) THE MAXIMUM CREDIT ALLOWED PER EACH NEW EMPLOYEE WOULD BE \$5,000.
  - 5) A NEW HIRE IS CONSIDERED AS A NEW EMPLOYEE FOR A 12-MONTH CONSECUTIVE PERIOD.
    - A) IF THE EMPLOYEE WERE HIRED IN JULY, THEN SIX MONTHS CREDIT WOULD BE ALLOWED IN THAT YEAR AND SIX MONTHS IN THE FOLLOWING YEAR.
  - 6) THIS BILL SHOULD BE REVENUE NEUTRAL SINCE THE NEW EMPLOYEE WOULD BE PAYING INCOME TAX, PROPERTY TAX, GASOLINE TAX, BED TAX, ETC.
  - 7) MOST ECONOMISTS ESTIMATE THAT A BASIC MEANINGFUL JOB USUALLY RESULTS IN AN ADDITIONAL THREE SERVICE-TYPE RELATED JOBS.
  - 8) IF AN EMPLOYER HIRES AN UNUSUAL NUMBER OF EMPLOYEES IN ANY YEAR, CONSIDERATION COULD BE GIVEN TO A CARRYOVER OF THE CREDIT TO SUCCEEDING YEARS. THIS COULD BE REFERRED TO AS CREDIT AVERAGING.
- THIS BILL SHOULD BE A WIN-WIN SITUATION FOR EVERYONE CONCERNED -- IT WOULD CREATE NEW TAX PAYERS AND COULD LITERALLY REVITALIZE THE ECONOMY FOR MIDDLE MONTANANS. IT WOULD BE ESPECIALLY HELPFUL TO OUR CHILDREN AND GRANDCHILDREN WHO WILL NEED MEANINGFUL JOBS TO REMAIN IN THE STATE AND GUARANTEE A POSITIVE FUTURE FOR THEM.

March 17, 1995  
3

Amendments to Senate Bill No. 420 BILL NO. SB 420  
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman  
March 16, 1995

Technical amendments to cure comments in fiscal note.

1. Page 1, line 15.

Strike: "state taxable income paid"

Insert: "amount of salaries and wages paid to employees holding  
qualifying jobs in the state"

2. Page 1, line 16.

Strike: "for qualifying jobs"

3. Page 2, line 3.

Following: "under"

Insert: "15-30-111 or"



DATE March 17, 1995

Amendments to Senate Bill 421  
Introduced Copy

EXHIBIT NO. 4BILL NO. SB 421

Prepared by Department of Revenue  
3/16/95 4:31pm

1. Title, line 8.

Following: "MCA;"

Insert: "REPEALING 15-10-411, MCA;"

Following: "7-6-2514,"

Insert: "15-10-401"

2. Page 1.

Following: line 13

Insert: **Section 1** Section 15-10-401, MCA, is amended to read:

**"15-10-401. Declaration of policy.** (1) The state of Montana's reliance on the taxation of property to support education and local government has placed an unreasonable burden on the owners of ~~classes three, four, six, nine, twelve, and fourteen~~ property, ~~as those classes are defined in Title 15, chapter 6, part 1.~~

(2) The legislature's failure to give local governments and local school districts the flexibility to develop alternative sources of revenue will only lead to increases in the tax burden on the already overburdened property taxpayer.

(3) The legislature is the appropriate forum to make the difficult and complex decisions to develop:

(a) a tax system that is fair to property taxpayers; and

(b) a method of providing adequate funding for local government and education.

~~(4) The legislature has failed in its responsibility to taxpayers, education, and local government to relieve the tax burden on property classes three, four, six, nine, twelve, and fourteen.~~

(5) The people of the state of Montana declare it is the policy of the state of Montana that no further property tax increases be imposed on property ~~classes three, four, six, nine, twelve, and fourteen as provided in 15-10-412.~~"

Renumber: subsequent sections

3. Page 1, lines 14 and 15.

Following: "in" on line 14

Strike: "subsection (2) and (3)"

Insert: "15-10-412"

4. Page 1, line 15.

Following: "property"

Strike: "described in 15-6-133, 15-6-134, and 15-6-136"

5. Page 1, line 17 through 26.

Strike: lines 17 through 26 in their entirety

6. Page 1, line 29 and 30.  
Following: "levels --"  
Strike: "clarification -- extension to all property classes"  
Insert: "specific provisions"
7. Page 1, line 30.  
Following: "is"  
Strike: "interpreted and clarified"  
Insert: "implemented"
8. Page 2, lines 1 and 2.  
Strike: subsection (1) in its entirety  
Renumber: subsequent subsections
9. Page 2, line 4.  
Following: "section, the"  
Strike: "actual tax liability for an individual property"  
Insert: "total tax levied by each taxing unit"
10. Page 2, line 5.  
Following: "amount"  
Strike: "due"  
Insert: "levied"
11. Page 2, line 5 through line 7.  
Following: "year." on line 5  
Strike: the rest of line 5 through "unit." on line 7  
Insert: "The taxing unit shall adjust mill levies to compensate for any increase in taxable valuation in order to ensure that taxes levied do not exceed the amount levied in 1994."
12. Page 2, line 10.  
Following: "prohibit"  
Strike: "a further"  
Insert: "an"
13. Page 2, line 11.  
Following: line 10  
Strike: "taxable valuation of"  
Insert: "taxes levied by"
14. Page 2, line 24 through page 3, line 4.  
Following: "valuation" on line 24  
Insert: "of the taxing unit"  
Following: "property" on line 24  
Strike: the remainder of line 24 through "status" on page 3, line 4
15. Page 3, line 18 through line 22.  
Following: "15-10-402" on line 18  
Strike: the remainder of line 18 through "year" on line 22.

16. Page 5, line 3.  
Following: "increase"  
Strike: "in tax liability"

17. Page 5, line 6.  
Following: "impose the"  
Strike: "tax"  
Insert: "mill levies"  
Following: "change the"  
Strike: "rate of the tax"  
Insert: "mill levies"  
Following: "then the"  
Strike: "tax"  
Insert: "mill levies"

18. Page 5, line 7.  
Following: "or"  
Strike: "the rate"  
Following: "increased"  
Insert: "in order to increase the taxes levied above the limits in  
this section"

19. Page 5, line 8.  
Following: "vote"  
Strike: "on the tax"  
Following: "approved"  
Strike: "tax or"  
Following: "increase"  
Strike: "in the tax"

20. Page 5, line 10.  
Following: "a"  
Strike: "tax"  
Insert: "mill levy"

21. Page 5, line 11.  
Following: "impose"  
Strike: "the tax"  
Following "or"  
Strike: "to"  
Following: "change the"  
Strike: "tax"  
Insert: "mill levy in order to increase the taxes levied above the  
limits in this section"

22. Page 5, line 12.  
Following: "in the"  
Strike: "tax"  
Insert: "mill levies"

23. Page 5, line 13.

Following: "exceed"

Strike: "6"

Insert: "2"

24. Page 6.

Following: line 10

Insert: (9) In order to comply with the limitations of this part, mill levies will need to be reduced in order to compensate for increased taxable valuation in a taxing unit. If particular mill levies are set by law or are otherwise not adjustable in the discretion of the governing body of the taxing unit, the department of revenue shall adjust the mill levies to compensate for an increase in taxable valuation, other statutory provisions notwithstanding. The department shall notify the local government of the new mill levies by the statutory date for setting mill levies.

25. Page 7.

Following: line 10

Insert: NEW SECTION. Section 4. Repealer. Section 15-10-411, MCA is repealed.

Renumber: subsequent sections

DATE March 17, 1995

EXHIBIT NO. 5

BILL NO. SB 421

very  
unofficial  
grey bill

SENATE BILL NO. 421

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE PROPERTY TAX LIMITATIONS IMPLEMENTING INITIATIVE MEASURE NO. 105 BY DELETING CERTAIN EXCEPTIONS TO THE LIMITATIONS; PROVIDING THAT PROPERTY TAXES ARE CAPPED AT 1994 LEVELS; PROVIDING THAT THE ELECTORS OF A TAXING UNIT MAY AUTHORIZE MILL LEVIES THAT EXCEED THE LIMITATIONS OF TITLE 15, CHAPTER 10, PART 4, MCA; REPEALING 15-10-411, MCA; AMENDING SECTIONS 7-6-2514, 15-10-401, 15-10-402, 15-10-412, AND 90-5-112, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1** Section 15-10-401, MCA, is amended to read:

"15-10-401. **Declaration of policy.** (1) The state of Montana's reliance on the taxation of property to support education and local government has placed an unreasonable burden on the owners of ~~classes three, four, six, nine, twelve, and fourteen~~ property, ~~as these classes are defined in Title 15, chapter 6, part 1.~~

(2) The legislature's failure to give local governments and local school districts the flexibility to develop alternative sources of revenue will only lead to increases in the tax burden on the already overburdened.

(3) The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694. to make the

DATE March 17, 1995EXHIBIT NO. 6BILL NO. SB 421

## EXAMPLE OF CODIFICATION OF SB 421

"15-10-401. Declaration of policy. (1) The state of Montana's reliance on the taxation of property to support education and local government has placed an unreasonable burden on the owners of property.

(2) The legislature's failure to give local governments and local school districts the flexibility to develop alternative sources of revenue will only lead to increases in the tax burden on the already overburdened property taxpayer.

(3) The legislature is the appropriate forum to make the difficult and complex decisions to develop:

(a) a tax system that is fair to property taxpayers; and

(b) a method of providing adequate funding for local government and education.

(4) The people of the state of Montana declare it is the policy of the state of Montana that no further property tax increases be imposed on property as provided in 15-10-412.

"15-10-402. Property tax limited to 1994 levels. (1) Except as provided in 15-10-412, the amount of taxes levied on property may not, for any taxing jurisdiction, exceed the amount levied for tax year 1994.

"15-10-412. Property tax limited to 1994 levels -- Specific Provisions. Section 15-10-402 is implemented as follows:

(1) The limitation on the amount of taxes levied means that, except as otherwise provided in this section, the total tax levied by each taxing unit is capped at the dollar amount levied in each taxing unit for the 1994 tax year. The taxing unit shall adjust mill levies to compensate for any increase in taxable valuation in order to ensure

1 that taxes levied do not exceed the amount levied in 1994.

2 (2) The limitation on the amount of taxes levied does not  
3 prohibit an increase in the total taxes levied by a taxing unit as a  
4 result of:

5 (a) annexation of real property and improvements into a taxing  
6 unit;

7 (b) construction, expansion, or remodeling of improvements;

8 (c) transfer of property into a taxing unit;

9 (d) subdivision of real property;

10 (e) reclassification of property;

11 (f) increases in the amount of production or the value of  
12 production for property described in 15-6-131 or 15-6-132;

13 (g) transfer of property from tax-exempt to taxable status; or

14 (h) revaluations caused by expansion, addition, replacement, or  
15 remodeling of improvements.

16 (3) The limitation on the amount of taxes levied does not  
17 prohibit a further increase in the taxable valuation of the taxing  
18 unit or in the actual tax liability on individual property.

19 (4) The limitation on the amount of taxes, as clarified in this  
20 section, is intended to leave the property appraisal and valuation  
21 methodology of the department of revenue intact. Determinations of  
22 county classifications, salaries of local government officers, and all  
23 other matters in which total taxable valuation is an integral  
24 component are not affected by 15-10-401 and 15-10-402.

25 (5) The limitation on the amount of taxes levied does not apply  
26 to the following levy or special assessment categories, whether or not  
27 they are based on commitments made before or after tax year 1994:

28 (a) rural improvement districts;

29 (b) special improvement districts;

30 (c) levies pledged for the repayment of bonded indebtedness,

1 including tax increment bonds;

2 (d) city street maintenance districts;

3 (e) tax increment financing districts;

4 (f) satisfaction of judgments against a taxing unit;

5 (g) street lighting assessments;

6 (h) revolving funds to support any categories specified in this  
7 subsection; and

8 (i) elementary and high school districts that have, through tax  
9 year 1997, a general fund budget less than the base budget under  
10 20-9-308.

11 (6) The limitation on the amount of taxes levied does not apply  
12 in a taxing unit if the voters in the taxing unit approve an increase  
13 under one of the following methods:

14 (a) If the laws governing the taxing unit or a particular fund  
15 of the taxing unit specifically allow for a vote of the electorate to  
16 impose mill levies or to change the mill levies, then the mill levies  
17 may be imposed or increased in order to increase the taxes levied  
18 above the limits in this section after approval of the electorate of  
19 the taxing unit. Unless the law providing for the vote provides  
20 another time period, the approved increase is valid for 2 years.

21 (b) If the taxing unit or a particular fund of the taxing unit  
22 does not have a statutory basis for holding an election on whether to  
23 impose or to change a mill levy, the governing body of the taxing unit  
24 may refer the question of whether to impose or change the mill levy  
25 in order to increase the taxes levied above the limits in this section  
26 to the electorate of the taxing unit. The resolution must provide for  
27 the duration of the imposition or change in the mill levies. The  
28 duration may not exceed 2 years. The resolution must contain:

29 (i) a finding that there are insufficient funds to adequately  
30 operate the taxing unit or applicable governmental function as a



1 result of the limitations of this part;

2 (ii) an explanation of the nature of the financial emergency;

3 (iii) an estimate of the amount of funding shortfall expected  
4 by the taxing unit;

5 (iv) a statement that applicable fund balances are or by the end  
6 of the fiscal year will be depleted;

7 (v) a finding that there are no alternative sources of revenue;

8 (vi) a summary of the alternatives that the governing body of  
9 the taxing unit has considered; and

10 (vii) a statement of the need for the increased revenue and how  
11 it will be used.

12 (7) The limitation on the amount of taxes levied does not apply  
13 to a levy increase to repay taxes paid under protest in accordance  
14 with 15-1-402.

15 (8) In order to comply with the limitations in this part, mill  
16 levies will need to be reduced in order to compensate for increased  
17 taxable valuation in a taxing unit. If particular mill levies are set  
18 by law or are otherwise not adjustable in the discretion of the  
19 governing body of the taxing unit, the Department of Revenue shall  
20 adjust the mill levies to compensate for the increase in taxable  
21 valuation, other statutory provisions notwithstanding. The Department  
22 shall notify the local government of the new mill levy by the  
23 statutory date for setting mill levies.

24

**MONTANA  
ASSOCIATION OF  
COUNTIES**

SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 7

2711 Airport Road  
Bill NO. SB 421 Helena, Montana 59601  
(406) 442-5209  
FAX (406) 442-5238

TO: Chairman Gerry Devlin  
Senate Taxation Committee  
Committee Members

FROM: Gordon Morris, Executive Director

RE: SB 421

DATE: March 16, 1995

As you can see from the enclosed "Fax Alert," dated March 14, I have recommended that "MACo go on record in support of this legislation."

As I also stated, this support would be contingent upon some minor amendments. In reviewing the bill and understanding existing law and problems, I would urge committee consideration to:

1. reinsert language on page 2, lines 21 and 28 "cyclical reappraisal."

The idea of having a "cap inside a cap," while probably questionable from a Constitutional perspective, would in application serve only to shift taxes between classes, in particular from real to personal. Further, in many counties the limited growth in property values barely keeps pace with inflation under current law, and this would result in a downward spiral drastically impacting eastern rural counties. This is a fact!

2. reinsert language on page 5, lines 23 and 24.

In real emergencies local government must have emergency authority to levy taxes to address the situation, be it flooding, drought, fire, or a public health emergency.

3. reinsert language on page 6, lines 6 through 8.

Since 1987, many counties were forced to levy beyond statutory maximum levy limits under I-105 to get back to FY 87 dollar levels. The striking of this language would raise nothing but problems and does not solve any of them. Reinserting the amended language would at least confirm the authority for the levies being capped at the 1986 level regardless of whether they exceed the otherwise maximum authority. Further, this would provide necessary relief to counties who, in 1994, are below their 1986 revenue cap. Their past frugality, like school districts below the BASE budget under 20-9-308 should not result in their being penalized from this date forward until such time as it might be further amended or repealed.

**MACo**

4. In new language, page 5, lines 8 and 12, a stated duration is specified. I would recommend striking the language beginning on line 7 "Unless the law...is valid for 2 years." The vote should be tied to a stated duration or even an indefinite period. Following similar logic, line 12 states: "the resolution must provide for the duration of the imposition of the tax." This should control and hence I recommend striking "The duration may not exceed 6 years."

I would point out in the case of both methods any increase submitted to the voters must identify the increase in the amount of the tax obligation, and such increases may be ongoing, but must be for a single specified period of time. The Attorney General has already determined that under such circumstances "this period of time may be of indefinite duration, as long as that is specified."

5. I would like to recommend consideration of indexing the taxable value to an appropriate index such as the Consumer Price Index (CPI), so that in counties where there are no changes in the taxable value they would at least be allowed to keep pace with inflation.

With these suggested changes, I would continue to urge county support of the bill.

Let me add, for purposes of the Committee's executive action on the bill, that since the original passage of 15-10-412 and with subsequent legislative changes many questions have been asked and answered.

I would urge the committee to, at a minimum, acknowledge that the proposed changes in the statute would not change the answers in the following:

"Are regular and special assessments by conservation districts subject to the property tax limits?"

"Is a rural fire district that is operated by a board of trustees a 'taxing unit' under the Act?"

"Are the property tax limitations applicable to a trustee-managed rural fire district established after 1994?"

Finally, this proposed legislation has major implications for local governments - east, west, north or south - and deserves very careful consideration and full recognition of the effects.

# FAX ALERT

TO: Board of County Commissioners  
FROM: Gordon Morris, Executive Director  
DATE: March 14, 1995

MACo PHONE	442-5209	MACo FAX	442-5238
LEGISLATIVE FAX NUMBERS:			444-3036 AND 444-4105
TELEPHONE MESSAGES FOR LEGISLATORS			444-4800
HEARINGS OR STATUS OF BILLS			444-4853

## U R G E N T

Senator John Harp has introduced a bill to amend the I-105 MCA (15-20-420, 15-10-412) by deleting certain exemptions and capping property taxes at 1994 levels. (Tax year 1994, Fiscal year 1995)

SB 421 is scheduled to be heard in Senate Taxation Friday, March 17 at 8 a.m. in room 413.

I am inclined to recommend supporting the legislation with two minor amendments. Everyone is urged to review the bill and relay comments and considerations to the MACo office immediately.

The tax cap proposal would apply to elementary and secondary school districts with an exemption for districts not currently up the BASE budget under 20-9-308. From a local government perspective two concerns exist:

1. the failure of property values to keep pace with inflation, and
2. the provision on page 6, lines 6-8, eliminating increases beyond statutory mill levies to produce revenue equal to 1994 levels.

If these issues are addressed, I would recommend that MACo go on record in support of the legislation. (I have just noted an article by Mike Dennison, Great Falls Tribune, 3-14-95 please refer to it.)

Please circulate for review and advise immediately.

CLARIFICATION: SB 309 - County road bill will be heard Tuesday, March 21, 3 p.m. in (H) Local Government

EXH 7 3-17-95 SB 421

MILL VALUE COMPARISONS

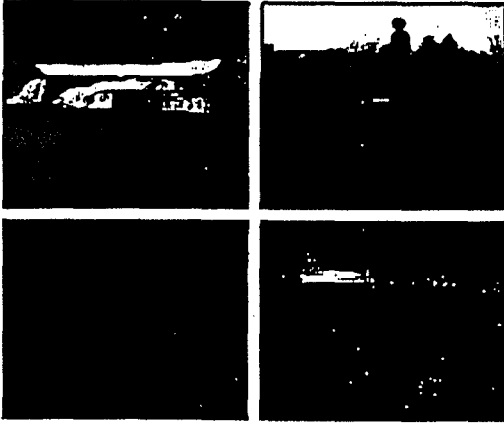
COUNTY WIDE TAXABLE VALUE

COUNTY	FY 89 COUNTY WIDE TAXABLE VALUE	FY 90 COUNTY WIDE TAXABLE VALUE	PERCENT CHANGE FY 89-90	FY 91 COUNTY WIDE TAXABLE VALUE	PERCENT CHANGE FY 90-91	FY 92 COUNTY WIDE TAXABLE VALUE	PERCENT CHANGE FY 91-92	FY 93 COUNTY WIDE TAXABLE VALUE	PERCENT CHANGE FY 92-93	FY 94 COUNTY WIDE TAXABLE VALUE	PERCENT CHANGE FY 93-94	FY 95 COUNTY WIDE TAXABLE VALUE	PERCENT CHANGE FY 94-95
BEAVERHEAD	\$14,750	\$15,075	2.20%	\$14,601	-3.14%	\$15,238	4.36%	\$15,922	4.49%	\$16,824	5.67%	\$17,112	1.71%
BIG HORN	\$105,393	\$100,641	-4.51%	\$26,934	-73.24%	\$26,495	-1.63%	\$26,681	0.70%	\$27,564	3.31%	\$27,589	0.09%
BLAINE	\$30,584	\$29,046	-5.03%	\$13,579	-53.25%	\$13,475	-0.76%	\$13,893	3.10%	\$13,923	0.22%	\$14,406	3.47%
BROADWATER	\$11,106	\$12,166	9.54%	\$12,139	-0.22%	\$12,856	5.91%	\$14,226	10.66%	\$11,002	-22.66%	\$11,340	3.08%
CARBON	\$25,378	\$26,842	5.77%	\$16,425	-38.81%	\$17,026	3.66%	\$17,903	5.16%	\$18,842	5.25%	\$19,497	3.47%
CARTER	\$5,074	\$5,229	3.05%	\$5,524	5.64%	\$7,554	36.75%	\$7,357	-2.60%	\$7,061	-4.03%	\$6,999	-0.86%
CASCADE	\$90,330	\$85,243	-5.63%	\$89,344	4.81%	\$94,664	5.95%	\$95,847	1.25%	\$104,783	9.32%	\$107,008	2.12%
CHOUTEAU	\$25,976	\$26,342	1.41%	\$24,798	-5.86%	\$25,239	1.77%	\$25,358	0.48%	\$24,726	-2.49%	\$24,748	0.09%
CUSTER	\$14,941	\$16,044	7.38%	\$14,890	-7.19%	\$14,413	-3.20%	\$14,584	1.18%	\$15,393	5.55%	\$15,668	1.78%
DANIELS	\$6,609	\$6,795	2.81%	\$6,434	-5.31%	\$6,338	-1.49%	\$6,295	-0.68%	\$6,158	-2.16%	\$6,138	-0.34%
DAWSON	\$22,396	\$23,013	2.75%	\$18,599	-19.18%	\$18,361	-1.28%	\$18,258	-0.56%	\$17,390	-4.75%	\$17,810	2.42%
DEER LODGE	\$8,680	\$8,641	-0.45%	\$8,627	-0.16%	\$8,784	1.82%	\$8,770	-0.16%	\$9,524	8.60%	\$10,093	5.97%
FALLON	\$70,173	\$51,343	-26.83%	\$13,486	-73.73%	\$10,331	-23.40%	\$10,278	-0.51%	\$10,284	0.06%	\$10,382	0.95%
FERGUS	\$20,096	\$21,374	6.36%	\$20,689	-3.20%	\$21,637	4.58%	\$21,944	1.42%	\$22,364	1.91%	\$23,158	3.55%
FLATHEAD	\$84,875	\$87,215	2.76%	\$91,383	4.78%	\$99,266	8.63%	\$103,080	3.82%	\$124,331	20.64%	\$129,564	4.21%
GALLATIN	\$65,720	\$68,326	3.97%	\$71,838	4.65%	\$75,357	5.19%	\$80,995	7.48%	\$90,900	12.23%	\$94,965	4.47%
GARFIELD	\$6,569	\$6,032	-8.17%	\$5,257	-12.85%	\$5,420	3.10%	\$5,393	-0.49%	\$5,467	1.37%	\$5,858	7.14%
GLACIER	\$33,228	\$28,722	-10.55%	\$19,020	-36.01%	\$19,244	1.18%	\$19,630	2.01%	\$19,537	-0.48%	\$20,018	2.46%
GOLDEN VALLEY	\$4,858	\$5,115	5.29%	\$5,182	0.92%	\$5,067	-1.85%	\$5,154	1.72%	\$5,089	-1.25%	\$5,187	1.93%
GRANITE	\$6,947	\$7,302	5.11%	\$6,761	-7.41%	\$7,533	11.42%	\$7,656	1.63%	\$8,278	8.13%	\$8,924	7.80%
HILL	\$37,935	\$38,099	0.43%	\$29,688	-22.08%	\$29,901	0.72%	\$29,941	0.14%	\$30,731	2.64%	\$31,253	1.70%
JEFFERSON	\$20,421	\$22,549	10.42%	\$22,182	-1.63%	\$24,195	9.07%	\$23,343	-3.52%	\$24,571	5.26%	\$25,863	5.26%
JUDITH BASIN	\$8,324	\$8,947	7.48%	\$8,766	-1.80%	\$8,928	1.62%	\$8,953	0.28%	\$8,800	-1.71%	\$9,229	4.88%
LAKE	\$30,486	\$28,859	-5.34%	\$28,696	-0.56%	\$30,529	6.39%	\$31,438	2.98%	\$40,145	27.70%	\$41,846	4.49%
LEWIS & CLARK	\$65,524	\$64,675	-1.30%	\$63,402	-1.97%	\$67,576	6.58%	\$69,016	2.13%	\$76,093	10.25%	\$78,014	2.52%
LIBERTY	\$13,930	\$13,022	-6.52%	\$8,435	-27.55%	\$8,591	1.65%	\$9,568	-0.23%	\$9,248	-3.35%	\$9,564	3.43%
LINCOLN	\$31,505	\$34,137	8.35%	\$32,350	-5.23%	\$30,463	-5.83%	\$27,564	-9.52%	\$28,052	1.77%	\$27,371	-2.43%
MADISON	\$16,922	\$18,559	9.67%	\$19,036	2.57%	\$19,921	4.65%	\$20,792	4.37%	\$22,824	9.78%	\$23,663	3.76%
MCONE	\$8,544	\$8,550	0.07%	\$7,800	-8.77%	\$7,936	1.74%	\$7,802	-1.69%	\$7,992	2.43%	\$8,080	1.10%
MEAGHER	\$7,973	\$7,820	-0.66%	\$8,032	1.41%	\$8,111	0.98%	\$8,155	0.54%	\$8,539	4.71%	\$8,645	1.24%
MINERAL	\$7,762	\$8,144	4.92%	\$8,007	-1.68%	\$8,107	1.24%	\$8,080	-0.32%	\$8,723	7.95%	\$8,896	1.96%
MISSOULA	\$113,133	\$115,011	1.66%	\$112,420	-2.25%	\$120,119	6.85%	\$126,303	5.15%	\$136,040	7.71%	\$141,142	3.75%
MUSSELSHELL	\$14,122	\$11,531	-18.35%	\$6,781	-41.19%	\$6,780	-0.02%	\$6,879	1.46%	\$6,877	-0.02%	\$7,163	4.16%
PARK	\$20,163	\$21,527	6.76%	\$22,210	3.17%	\$23,656	6.51%	\$24,317	2.79%	\$25,640	5.44%	\$27,559	7.48%
PETROLEUM	\$3,032	\$2,410	-20.51%	\$1,748	-27.47%	\$1,813	3.71%	\$1,905	5.07%	\$2,049	7.58%	\$2,080	1.59%
PHILLIPS	\$32,839	\$36,276	10.47%	\$23,541	-35.11%	\$19,533	-17.03%	\$20,295	3.90%	\$19,866	-2.12%	\$20,468	3.03%
PONDERA	\$17,984	\$16,993	-5.51%	\$14,633	-13.89%	\$14,855	1.51%	\$14,988	0.90%	\$14,795	-1.29%	\$15,230	2.94%
POWDER RIVER	\$17,373	\$14,688	-15.46%	\$8,035	-58.91%	\$6,146	-1.84%	\$6,368	3.61%	\$6,172	-3.08%	\$6,409	3.85%
POWELL	\$11,107	\$12,515	12.68%	\$12,500	-0.12%	\$12,346	-1.23%	\$12,458	0.91%	\$12,717	2.08%	\$13,136	3.29%
PRAIRIE	\$4,327	\$4,535	4.81%	\$4,255	-6.17%	\$4,286	0.97%	\$4,358	1.44%	\$4,344	-0.33%	\$4,468	2.87%
RAVALLI	\$28,204	\$29,045	2.98%	\$29,742	2.40%	\$31,038	4.36%	\$32,044	3.24%	\$36,730	14.62%	\$40,705	10.82%
RICHLAND	\$66,400	\$49,957	-24.76%	\$22,168	-55.83%	\$22,203	0.17%	\$21,746	-2.06%	\$21,842	0.44%	\$21,925	0.38%
ROOSEVELT	\$44,525	\$38,206	-14.19%	\$25,741	-32.63%	\$25,005	-2.86%	\$24,801	-0.82%	\$25,697	3.61%	\$26,344	2.52%
ROSEBUD	\$214,532	\$229,015	6.75%	\$178,513	-22.05%	\$177,796	-0.40%	\$182,855	2.85%	\$180,479	-1.30%	\$181,816	0.74%
SANDERS	\$29,588	\$23,297	-21.26%	\$23,974	2.91%	\$24,127	0.64%	\$24,882	3.13%	\$26,034	4.63%	\$30,253	16.20%
SHERIDAN	\$38,804	\$31,210	-19.57%	\$12,440	-60.14%	\$12,303	-1.10%	\$12,018	-2.32%	\$11,592	-3.54%	\$11,930	2.95%
SILVER BOW	\$37,454	\$45,537	21.58%	\$45,143	-0.87%	\$50,046	10.86%	\$50,334	0.57%	\$55,020	9.31%	\$54,170	-1.54%
STILLWATER	\$17,962	\$19,162	6.68%	\$18,077	-5.66%	\$19,482	7.66%	\$19,754	1.50%	\$20,531	3.93%	\$22,039	7.35%
SWET GRASS	\$7,014	\$7,733	10.25%	\$7,718	-0.19%	\$8,331	7.94%	\$8,288	-0.51%	\$8,093	-2.35%	\$8,546	5.59%
TETON	\$16,032	\$16,065	0.21%	\$15,170	-5.57%	\$15,424	1.67%	\$15,427	0.02%	\$14,883	-3.53%	\$15,289	2.73%
TOOLE	\$30,322	\$27,246	-10.14%	\$17,569	-35.52%	\$17,669	0.57%	\$17,681	0.08%	\$17,945	1.47%	\$18,071	0.70%
TREASURE	\$4,415	\$4,913	11.28%	\$4,929	0.33%	\$4,908	-0.43%	\$4,984	1.55%	\$4,680	-6.11%	\$4,808	2.75%
VALLEY	\$29,746	\$29,894	0.50%	\$27,468	-8.12%	\$25,694	-6.46%	\$25,737	0.17%	\$26,539	3.12%	\$28,526	-0.05%
WHEATLAND	\$7,119	\$7,383	3.71%	\$7,538	2.10%	\$7,649	1.47%	\$7,781	1.73%	\$7,798	0.22%	\$7,968	2.16%
WIBAUX	\$16,701	\$10,843	-35.08%	\$4,179	-61.46%	\$4,195	0.37%	\$4,073	-2.89%	\$4,124	1.25%	\$4,278	3.75%
YELLOWSTONE	\$198,881	\$198,988	0.05%	\$183,593	-7.74%	\$190,275	3.64%	\$198,486	4.32%	\$216,302	8.98%	\$225,818	4.40%
TOTAL				\$1,731,948	2.34%	\$1,832,623	5.80%	\$1,931,948	5.44%	\$2,031,948	5.18%	\$2,131,948	4.92%

DATE March 17, 1995EXHIBIT NO. 8BILL NO. SB 421

**Cascade County**  
**Gateway to the North**  
**Visit Russell Country**

Courthouse Annex, Room 111  
Great Falls, Montana 59401  
Tel. (406) 454-6810  
Fax: (406) 454-6945



March 16, 1995

GORDON MORRIS  
M.A.C.O.

Dear Gordon:

The Board of County Commissioners of Cascade County are adamantly opposed to SB 421.

Sincerely,

BOARD OF COUNTY COMMISSIONERS  
OF CASCADE COUNTY

Jack T. Whitaker, Chairman

YELLOWSTONE COUNTY

# County of Yellowstone



COMMISSIONERS

(406) 258-2701

**TO: GORDON MORRIS**

**FROM: MIKE MATHEW**

**DATE: MARCH 16, 1995**

**SUBJ: COMMENTS ON S.B. 421**

Box 35000  
Billings, MT 59107

## VIA FACSIMILE

If there are any changes, then they should define a taxing jurisdiction as opposed to a taxing unit.

Removing (3)(h)(i) and (4)(a)(ii) from the current language is going to create a great deal of inequity. The voters have already voted down C.R. 28 that could have created this same type of inequity; only in this case the inequity stays with the property even if it is sold. Under this proposal all property now on the roles will be taxed at the same level forever while new property will be assessed and thus taxed at a higher level.

Removal of the 5% language could be devastating to any jurisdiction that did lose valuation.

New section (7)(a)(b) are as clear as mud to me.

DATE March 17, 1995LEGISLATIVE NO. 10BILL NO. SB 421

# Valley County

501 Court Square  
Glasgow, Montana 59230Phone: (406) 228-8221  
FAX: (406) 228-9027Arthur A. Arnold, Chairman  
Marlene A. Erickson, Member  
Eleanor D. Pratt, Member

March 16, 1995

Mr. Gordon Morris, Executive Director  
Montana Association of Counties  
2711 Airport Road  
Helena, MT 59601

Re: Senate Bill 421

Dear Gordon:

Senate Bill 421 would limit counties to the number of mills they assessed in 1994. This differs from the previous tax freeze which froze the amount of tax dollars that could be levied at the 1986 level. Valley County's budgets have been frozen at that level since 1986 and will continue at that level under this bill.

Since the 1986 tax freeze, Valley County's taxable value has dropped almost one-half, most of which was done by the Legislature by removing certain properties from the tax rolls, changing the classes of property and lowering the tax rate of other classes of property. This was done to give tax relief to taxpayers. However, during that period of time, school equalization funding came about and the state assessed our taxpayers more mills than the County general fund was taxing. I have no reason to believe this trend would not continue into the future. Lowering taxable value and being capped at the 1994 mill levies will leave counties unable to provide the mandated functions.

Under this bill, I predict that within five years local elected officials will not have the authority to carry out the mandated services and will have to rely on the voters to approve a ballot issue.

This cap is very discriminating. It does not freeze the number of mills a county can charge for a certain service or budget. It merely caps the counties at their present level, which caps taxes in all counties at different levels.



Mr. Gordon Morris  
March 16, 1995  
Page Two

I find it interesting that after 100 years of statehood, this Legislature feels the voters of this state no longer can elect local government officials to carry out their business for them. One mandate of the 1994 election was local control, which this bill would limit and possibly leave local governments unable to perform their functions. The state would have to take over some of those duties.

In short, this bill may make good political sense but in the future will diminish the people's ability to provide services to those within their own communities through local government.

I have enclosed a scenario of a home taxed in Glasgow and a farm taxed in the Glasgow School District which depicts the amount of dollars capped under this bill to show that it is a small portion of the total tax statement.

Sincerely,



Arthur A. Arnold, Chairman  
Board of County Commissioners

AAA:vh

cc: Representative Sam Kitzenberg  
Senator Daryl Toews  
Representative Ernest Bergsagel

Enc.

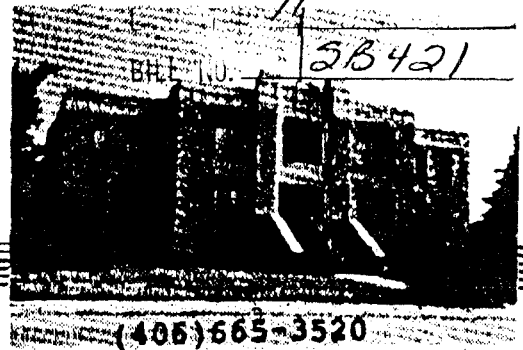
15B421

USING 1994 VALUES AND LEVIES - TAX DOLLARS FOR EACH FUND

[illegible]

DATE March 17, 1995

# BIG HORN COUNTY



BOARD OF COMMISSIONERS      HARDIN, MONTANA 59034  
DRAWER H

March 15, 1995

Montana Association of Counties  
2711 Airport Road  
Helena, MT 59620

ATTN: Gordon Morris, Executive Director

RE: Senate Bill No. 421

Dear Gordon:

This is in response to your Fax Alert dated 3-14-95, with regard to Senator John Harp's attempt to amend the statutes relating to I-105.

Speaking for the rural counties that did not benefit from the reappraisal, Big Horn County recommends that MACo do not support Senate Bill No. 421. More importantly, as a coal producing county, the implementation of the Flat Tax form of revenue has dramatically affected the dollar cap level since 1986. SB 421 does not address the Flat Tax issue.

We have enclosed for your information a copy of our tax levy requirements for FY 1994-95. The FY 1986-87 tax revenue is also shown, which illustrates the decline in property tax revenues since the 1986 level, from \$3,333,266.58 to \$637,433.96. With the declining coal revenue, we would not want to be capped at the 1994 level.

We further recommend that Jim Halverson investigate the effects of SB 421 with the oil and gas counties.

Should you have further questions, please advise.

Very truly yours,

BOARD OF COMMISSIONERS  
BIG HORN COUNTY, MONTANA

A handwritten signature in cursive script, appearing to read "Debra".

Debra Johnson  
Chairman

Enclosure

BIG HORN COUNTY  
TAX LEVY INFORMATION  
FISCAL YEAR: 1994 - 1995

ANNUAL VALUATION = 177,569,267.00  
CHANGING VALUATION = 177,569,267.00  
1 KILL VILLO = 177,569,267.00

PROJ NUMBER	PROJ NAME	APPROPRIATION	REVENUES	TOTAL	AVAIL-ABLE	NEW-TAX	REVENUES	COLL.	OUT.	6	7	TOTAL	PROPERTY	TAX	TOTAL	KILL	LAVER	SALES	OTHER
1000	GENERAL	16,267,770.44	11,181,651.13	83,564,771.97	11,764,661.19	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79	11,667,377.79
1120	POON	1281,127.00	146,277.40	1237,244.40	1120,217.46	111,200.00	111,200.00	111,200.00	111,200.00	111,200.00	111,200.00	111,200.00	111,200.00	111,200.00	111,200.00	111,200.00	111,200.00	111,200.00	111,200.00
1130	MAINTEN	1316,099.00	143,017.00	1273,106.00	1151,029.47	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00	114,000.00
1150	REVENUE	1800.00		1800.00	1379.45														
1160	AMERICAN	1314,651.00		1174,651.00	1131,651.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00
2040	DEVELOP	1211,793.00		1112,793.00	1112,793.00														
2111	REVENUE	1461,567.70		1461,567.70	1461,567.70														
2010	REVENUE	1278,705.50		1278,705.50	1278,705.50														
2160	REVENUE	142,621.00		110,621.00	110,621.00														
TOTAL = 11,764,661.19																			

3109 JUDICIAL CHIEF - DATA

COALITION/79 11,504,401.54  
1994/95 TAXES 1637,433.36

TOTAL PROPERTY TAXES 11,504,401.54  
1994 PROPERTY TAXES 1637,433.36

TOTAL TO BE COT FROM PROPERTY 1-181,021.00

To: Gordon Morris

SENATE TAXATION

March 17, 1995

From: Carbon County Commissioners

11  
SB 421

BILL NO.

RE: SB 421, bill to amend I 105

In spite of the fact that close to a zillion legislators (including our two legislators) support SB 421, we Carbon County Commissioners feel that it is certainly not friendly to us.

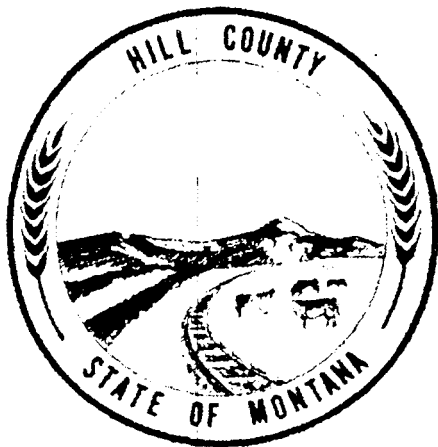
Due to the School Equalization bill that passed in 1984 Carbon County's valuation was drastically reduced. For example in FY '86-'87 1 mill generated \$29,383. — for FY '94-'95 1 mill generated \$19,496. Furthermore, in FY '86 the total county mill levy was 57.23 and <sup>equalled</sup> \$1,681,500. In FY '94-'95 the total county mill levy was 75.27 and equalled \$1,381,897.

As you can see I-105 is not our problem! We could levy an additional 15 mills before reaching our 1986 dollar cap. — Occasionally one of our smaller cemetery or fire districts have had to run a special voter approval levy.

If Senator Harp and all the other signers think they have done us a favor — they haven't. No amendments will help us as long as 1994 is left as the property tax level.

Garden, sorry that we can't support  
you on this. — Also apologizing for the  
long hand. We're really short stayed.

Mama



# COUNTY OF HILL

STATE OF MONTANA  
Havre, Montana 59501

SENATE TAXATION

DATE March 17, 1995

L. 12

BILL NO. SB 421

Lloyd Wolery, **Chairman**

Nora Nelson, **Commissioner**

Kathy Bessette, **Commissioner**

[406]265-5481 Ext. 27

March 16, 1995

Senator Gerry Devlin  
Chairman, Taxation Committee  
Senate  
Capitol Station  
Helena, MT 59620

Dear Chairman Devlin and Committee Members:

We, the Hill County Commissioners are writing in opposition to Senate Bill-421.

By limiting property taxes to 1994 level of funding, you could be strangling counties for years to come. Since 1987 Hill County has lost approximately 20 million in taxable valuation but with the foresight of legislators the following year, we were able to increase the mill levy to arrive at approximately the amount levied in 1987.

In 1994, Hill County did not levy up to the 1987 total amount. In trying to be conservative, we will be penalized for years to come.

Many of our employees work across the hall from State employees whose wages are far above what the County can afford to pay. The State pay plan allows for increases for these state employees plus their CPI increase. In 1988, Hill County cut employees to the bare minimum, yet again this year the legislature is giving us more workload with sub-divisions, NVRA, potential new and tax levy hearings, elections, etc. How can we continue to provide these and other necessary services to the public if we are forced to layoff more employees and operate on frozen levies when our duties increase along with inflation.

We strongly recommend that you oppose this bill and save county government from extinction. Before you strangle local county and city governments who provide very cost efficient services, please look at containing and downsizing state government and waste, and pass those savings back to off-set or replace property tax dollars.

Sincerely,

Lloyd Wolery  
Chairman of the Board



Montana Education Association

1232 East Sixth Avenue • Helena, Montana 59601 • 406-442-4250  
1-800-398-0826 (Toll-free) • Fax: 406-443-5081

SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 13  
SB 421

BILL NO. \_\_\_\_\_

## ***THE ADVERSE IMPACT ON SCHOOLS***

**SB421 -- SENATOR HARP's BILL TO  
FREEZE PROPERTY TAXES AT THE DOLLAR AMOUNT  
LEVIED ON AN INDIVIDUAL PROPERTIES IN 1994  
UNLESS INCREASES ARE APPROVED BY THE ELECTORATE**

**Section 2(3)(i); see also new (5):**

Strikes "cyclical reappraisal" from list of exempted reasons for property tax increase. General value gain will not, without voter approval, be available for property tax revenue growth.

**Section 2: (6)(i):**

Allows "mandated" budget (property tax) growth to occur for district general fund budgets below the 80% target through FY97.

**Section 2 (7)(a):** allowed budget growth for tax jurisdictions with voter approval provisions

For district's with stable or growing taxable value (based on new property, not reappraisal), SB421's limit on the amount of tax levied would not change how school general fund budgets currently grow above the "mandated growth" requirements. However, for "equalized" district's (between 80% and 100% targets) which have a shrinking taxable value, SB421 would require voter approval to increase mill levy amounts and the tax on individual pieces of property either to maintain the same budget level as the prior year or to increase the budget marginally. Voter approval of a stable budget would be required even if student count was increasing. As respects maintenance of stable budget levels, SB421 changes current HB667 education funding law which allows districts to maintain a prior year budget level including property tax revenue raising authority and requires voter approval only for budget growth.



SB421 would also limit district revenue raising authority for other funds. For example, in addition to the current law's limit of one or two mills for support of the adult education fund, SB421 would limit adult ed revenue raising to the lesser of one or two mills, or a voter approved tax increase to support the adult ed budget.

**Section 2 (7)(b):** allowed budget growth for jurisdictions without voter approval provisions

This provision would require voter approval for tax increases to fund currently mandated property tax reliant funds such as retirement and the county transportation fund. SB421's requirement of voter approval for necessary growth to soundly fund county school retirements is entirely new and unprecedented. Following voter approval, the once approved increase in property tax levels could be maintained for a period of up to six years. There is no provision for an automatic escalator during the six year period even after the initial voter approval. Upon expiration of the voter approved tax increase period (up to six years), property tax levels on individual pieces of property would fall back to 1994 levels unless another tax increase approval is obtained from voters.

**GENERAL COMMENTS:**

SB421 would increase the volatility of local school district's reliance on property revenues to fund school budgets and would generally inhibit school budget growth. Over time or even among different school fund budgets, a see-saw or roller-coaster effect can be expected in respect to individual school fund budgets.

SB421 would particularly adversely affect those districts with growing ANB counts and/or stable or declining property values. The predictable result would be increasing disparities in budget levels which could be directly related to factors of local property wealth. Additionally, any county that fails to obtain voter approval to fund the county school retirement levy will be subject to suit for violating Montana's constitutional protection of current and future public pension assets (C25:1994).

SENATE TAXATION

DATE March 17, 1995

AMENDMENT TO SB421

SUBMITTED BY MONTANA FIRE DISTRICTS ASSOCIATION

14  
SB 421

PAGE NUMBER 5, LINE 1

(j) RURAL FIRE DISTRICTS, AS DESCRIBED IN 7-33-2101 THROUGH 7-33-2109 MCA.

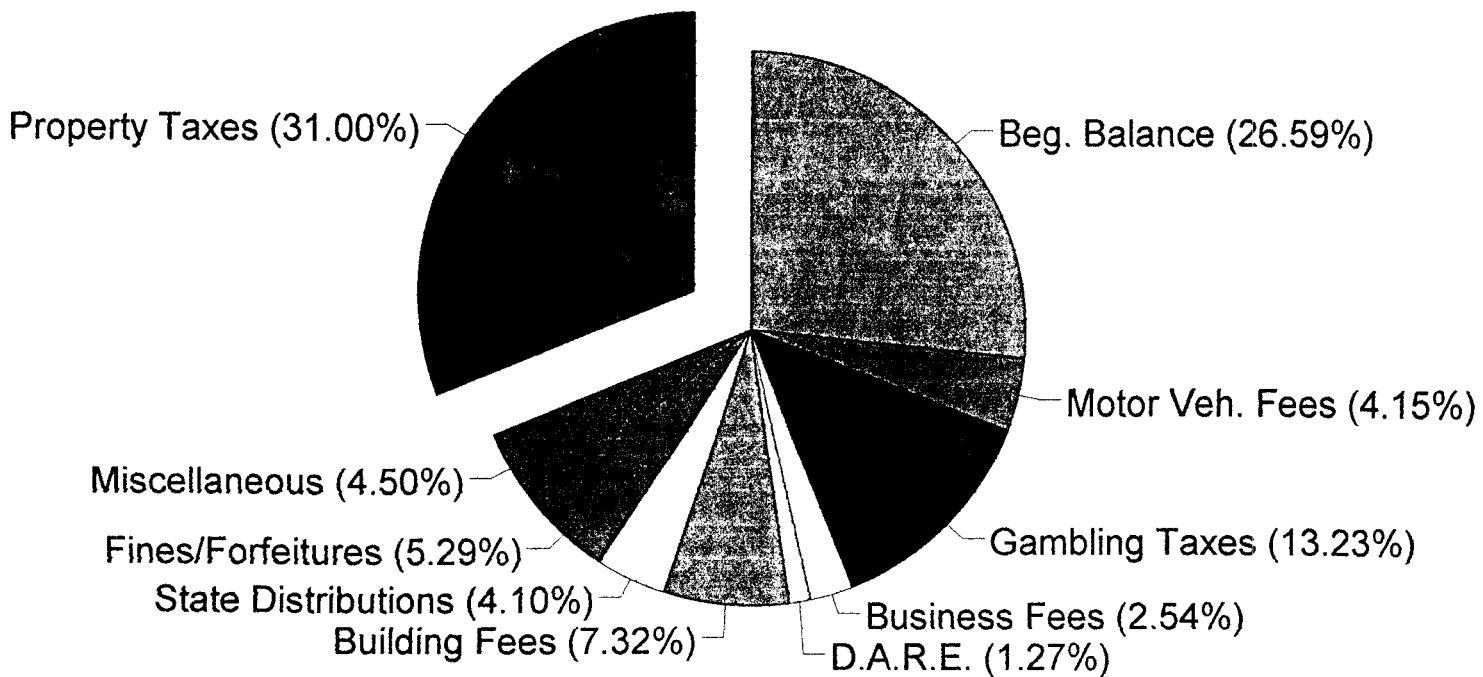
Justification -- Fire districts in Montana have been hit hard with the passage of I-105. While the cost of everything that the fire districts buy goes up in cost, the revenues do not keep pace.

DATE March 17, 1995  
EXHIBIT NO. 14  
BILL NO. HB 524

# CITY OF WHITEFISH

## General Revenues

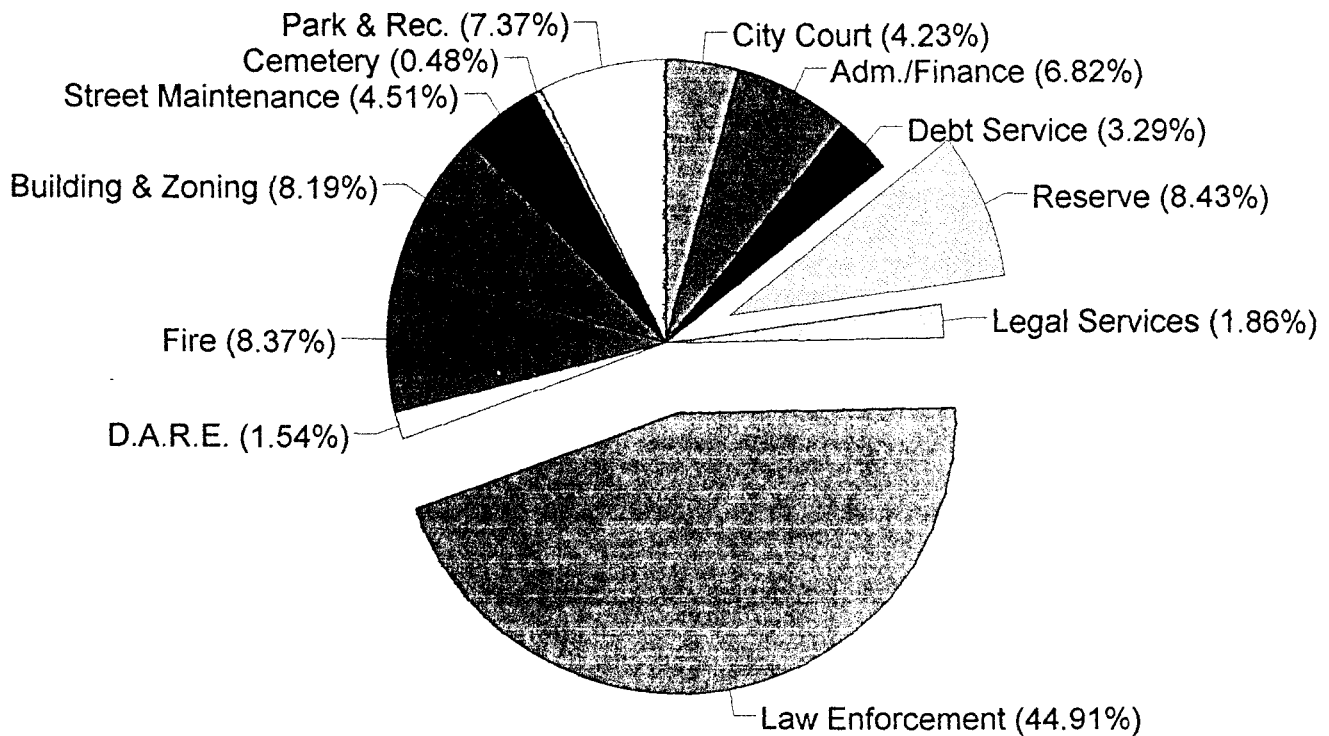
Total GF: \$1,965,488

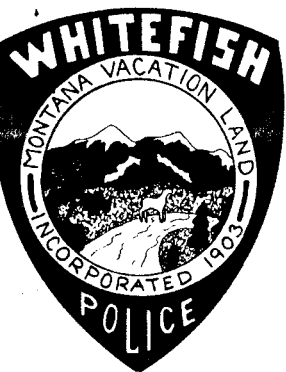


# CITY OF WHITEFISH

## General Expenditures

Total GF: \$1,965,488





## WHITEFISH POLICE DEPARTMENT

131 Baker Ave.  
Whitefish, Montana 59937  
(406) 862-2521  
FAX (406) 862-3099

SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 15

BILL NO. HB 524

Chief William J. LaBrie

March 15, 1995

Senator Gerry Devlin, Chairman  
Montana Senate Committee on Taxation  
54th Montana Legislative Assembly  
Helena, Montana 59601

RE: House Bill 524, To Revise Resort Community,  
Population and Economic Well Being Requirements.

Dear Senator Devlin,

As Chief of Police for the City of Whitefish, I would like to address House Bill 524, the Bill to revise Resort Community, Population and Economic Well Being Requirements.

To further introduce myself, I have been a Police Officer for twenty-five years, twenty of which was with the Los Angeles Police Department. I am President of the Montana Association of Chiefs of Police, I am Vice-Chairman of the Joint Advisory Law Enforcement Committee at the Montana Law Enforcement Academy. I was appointed by Governor Racicot to his Advisory Committee on Corrections and Criminal Justice, and I was appointed by Attorney General Mazurek to his Advisory Committee on Law Enforcement. I also take great pride in stating that I was born and raised in Whitefish, living there for well over 30 years. I received part of my higher education both at the University of Montana at Missoula, and at Carroll College.

Whitefish desperately needs your support and the passage of House Bill 524. The problems faced by the City of Whitefish are unlike those of any other City or Town of comparable size in the State of Montana. Whitefish sits in the very scenic surroundings on the North end of the Flathead Valley. Whitefish is the home of the Big Mountain Ski and Summer Resort. The City borders the beautiful Whitefish Lake. Whitefish has the first thirty-six hole golf course in the State. Whitefish is located approximately twenty-five miles West of the West Entrance to Glacier National Park, and all traffic entering the United States from the Roosville Border Crossing that continues South on U.S. 93, must travel through Whitefish.

The 1990 census reported the size of Whitefish to be 4,368.



In Whitefish there are approximately 700 motel rooms available, and on a yearly basis, 60% of these rooms, approximately 420, are occupied on any given night. The average occupancy is 2.1 persons per room, or roughly 882 visitors that stay each night in Whitefish.

Currently the Rocky Mountain Motel/Convention Center with 76 rooms is under construction. Plans to continue the expansion of the Whitefish Lake Lodge/Convention Center are still being considered. Plans for a Motel/Recreational Facility referred to as Riverside at Whitefish, are still being worked on, and recently Montana Capital Partners, Inc., (Kinnikinnik Resort), proposed building another golf course and a 275 unit hotel on the North side of Whitefish.

Once again Glacier National Park set a new attendance record with well over 2,000,000 visitors during a four month time period. A great number of these visitors come to Whitefish to golf, to tour, to shop, to stay while they are visiting the area, or just to check out the area for future trips.

The U.S. Immigration and Naturalization Service registered well over 400,000 visitors that crossed the Border at the Roosville Crossing, North of Eureka. Most of these individuals came through Whitefish.

The Big Mountain Ski and Summer Resort is expecting almost 300,000 visitors again this year, and their expansion continues. Many of the approximately 1200 nightly residents in the facilities come into Whitefish for the evening relaxation and recreation.

Whitefish has in fact become the Hub City of Tourism in the Flathead, if not the State. This is due in part to the great job done by the Bureau of Tourism. One doesn't spend much time in a large city in this nation without seeing or hearing a paper, a magazine, a radio or television commercial about Montana, the "Last Best Place" to visit. Last year Whitefish again received world wide attention at the Winter Olympic Games, when a former resident, Tommy Moe won a Gold Medal. Whitefish and Big Mountain were seen on T.V. by hundreds of millions of viewers.

The Whitefish business community welcomes these visitors and the business they bring, not only to Whitefish, but to the Flathead Valley and the State of Montana. There are, however, problems. The problem that concerns me, is the negative impact generated by these vast numbers of people on the Whitefish Police Department.

The work load being forced on a small Department of only 12 Officers, (Chief and Detective included), is reaching critical mass. The 1993 Annual Crime Report prepared by the Montana Board

Montana Senate Committee on Taxation  
March 15, 1995  
Page 3

of Crime Control reports that Whitefish has earned the dubious distinction of having the third highest Crime Rate in the State, following Kalispell and Great Falls respectively. One should note that West Yellowstone, another major tourist town is fourth.

Although the Crime Rate indicates that there are serious problems, the Police Department can also take pride in reporting that it is doing a great deal of work to control and correct those problems. Arrests continue to climb. In 1994 Whitefish Officers arrested 65 individuals for Felony Crimes, (not including drug violations), and 60 individuals for Drug Violations. Total Arrests in 1994 numbered 600.

Whitefish is in it's third year of having a D.A.R.E. Program which has been very well received, and we are proud to say that not one individual that has graduated from the D.A.R.E. Program has ever come into our system as an arrestee.

The Whitefish Police Department has solved 46% of the reported Auto Thefts, 50% of the reported Burglaries, 76% of the reported Assaults, 98% of the reported Drug Cases, 92% of the reported Sex Crimes, 97% of the reported Domestic Abuse Cases, and 100% of the reported Attempted Murders. Whitefish Police also responded to and investigated 138 Traffic Accidents. Whitefish Police also dispatch and assist the Whitefish Volunteer Fire Department and Ambulance with their 600 calls for service. Whitefish Police also respond to mutual aid calls from the Flathead County Sheriff and the Montana Highway Patrol.

This increasing work load not only has a negative affect on the Staff, but also has a very negative and expensive impact on equipment.

The Whitefish Police Department should be expanding it's personnel to meet the needs of this Community and the people that visit this Community. There are many times that the work load is so great, that calls for service cannot be answered in what I refer to as a timely manner. Work load is such that Officers are having to work more and more overtime. Our Felony cases are becoming more involved, causing much more in-depth investigations. As arrests increase, so does the amount of time spent in Court.

Most recently, the Whitefish Winter Carnival generated enough work load that it was necessary to request the assistance of twenty-seven Flathead County Sheriff's Posse members to assist the eight Whitefish Police Officers just to maintain Crowd and Traffic Control at the Annual Parade. That night, five Sheriff's Posse Members assisted nine Whitefish Officers with the crowds visiting the downtown area. This visual presence by Law Enforcement

resulted in minimal problems, and great appreciation by many in attendance, for the trouble free environment for these events.

The equipment is becoming very tired and costly to repair. Two of the three Patrol Vehicles have in excess of 100,000 miles. Our one four wheel drive vehicle has over 70,000 miles. All of the radar units in the these vehicles are in excess of 8 years old and can no longer be repaired by anyone including the manufacturer. Our Computer System which works twenty-four hours a day, seven days a week, fifty-two weeks a year, like everything else in a Police Department is also approaching the time to be both upgraded or replaced. Equipment has a habit of wearing out just from being worked constantly.

Everything, personnel and equipment, is very expensive. Officers need training, both basic and advanced. Each Officer should be sent to some sort of In-Service training at least once if not twice a year. Support personnel, our Dispatchers/Office Staff, also need yearly training and the proper equipment to perform their Mission.

The number of visitors that are attracted to this Community are causing changes that are not pleasant. We are starting to see serious personality changes of the community itself. Tempers are short. We have responded to traffic accidents where physical altercations are in progress upon our arrival. We have witnessed an increase in assaults, thefts, domestic abuse, much of which centers around the use of alcohol and drugs. Many of our arrestees are visitors to our Community. The local residents are blaming the negative attitudes, the deterioration of roads and the increased costs of Service, such as the Police Department, on this influx of tourists to Whitefish.

The Whitefish Police Department, as with all Departments across this Nation, is charged with the responsibility of keeping the peace; the recovery of stolen property; and the investigation, the identification, the arrest and the assisting in the prosecution of those responsible for committing criminal acts. To accomplish this mission, the Whitefish Police Department needs the fiscal resources to hire an adequate number of Officers, to continue with the Training of all current and future Staff, and the purchase of necessary support equipment.

The Whitefish Police Department gravely needs your support with the passage of this Bill. The few dollars received from each of the hundreds of thousands of tourists that visit Whitefish will be of great financial assistance in making this Community a better and safer place for all.

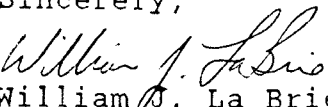


Montana Senate Committee on Taxation  
March 15, 1995  
Page 5

I pray that you will support House Bill 524, and I will make myself available for any questions regarding this bill as it pertains to the Whitefish Police Department that you might have.

Thank you for your time and assistance.

Sincerely,



William J. La Brie  
Whitefish Police Department

Similar letter sent to: Senator Mike Foster, Vice-Chairman  
Senator Mack Cole  
Senator Delwyn Gage  
Senator Lorents Grosfield  
Senator John Harp  
Senator Dorothy Eck  
Senator Barry Stang  
Senator Fred Van Valkenburg

SENATE TAXATION

DATE March 17, 1995

CREDIT NO. 16

FILE NO. AB 524



The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.



W. E. SCHREIBER  
ATTORNEY AT LAW  
P. O. BOX 1174  
WHITEFISH, MONTANA 59937  
406 862-4614

SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 17

BILL NO. SB 524

March 15, 1995

Dear Senator:

Something must be done for small communities like Whitefish where the cost of law enforcement is 30% greater than is collected in property taxes. There also must be funds available for the building repair and maintenance of the streets, sidewalks, sewer and water systems. We must have an alternative to continued raises in property taxes.

Please consider altering the resort tax presently in existence to accommodate small communities such as Whitefish.

Thank you for your time and I would greatly appreciate the support.

Sincerely,



W.E. Schreiber  
Attorney at Law

WES/kr



north valley HOSPITAL

WHITEFISH, MONTANA 59937

SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 18

BILL NO. SB 524

March 16, 1995

Senator Fred VanValkenburg  
Capitol Station  
Helena, MT 59620

Dear Senator VanValkenburg:

I respectfully offer this letter for your consideration in addressing allocation of resources for the improvement of our road systems. I am the Administrator of North Valley Hospital in Whitefish. We are responsible for providing health care to individuals in need in our community. At the risk of being melodramatic our roads are jeopardizing our ability to fulfill that obligation. For example, the road that approaches our Emergency Department has deteriorated to the point that it is now physically impossible to drive it without hitting at least a few significant potholes. Our ambulance drivers, patients and families have each expressed to me their concern that the jostling patients receive approaching our hospital is very uncomfortable if not harmful to the patients.

We need your help. Potholes and deteriorated roads are no longer a joke around here. This is a serious issue that warrants your serious consideration. Thank you for all your dedicated work.

Sincerely,

Kenneth E. S. Platou  
Chief Executive Officer

kjh

HEDMAN, HILEMAN & LACOSTA

ATTORNEYS AT LAW  
204 Central Avenue  
Whitefish, Montana 59937-2662

Fax (406) 862-1140  
Telephone (406) 862-2528

SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 19

BILL NO. HB 524

DONALD E. (GENE) HEDMAN  
WILLIAM E. HILEMAN, JR.  
SUSAN M. LACOSTA  
TIMOTHY A. COOPER

LEO FISHER  
OF COUNSEL

March 16, 1995

Senator John Harp  
Montana State Capitol  
Capitol Station  
Helena, MT 59620

HAND DELIVERED

RE: Resort Tax

Dear John,

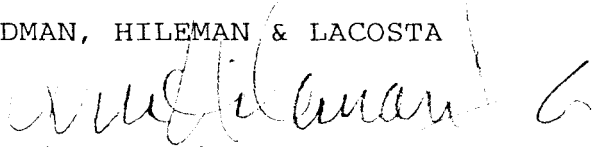
I am writing to enlist your support for the future of Whitefish. Tourism is a key element of our economy, but places a heavy burden upon law enforcement, streets, sidewalks and other basic infrastructure. We must have an alternative to continued raises in property taxes.

Please consider amending the existing codes to accommodate small communities such as Whitefish. I hope you will support legislation to allow Whitefish residents to vote on this issue.

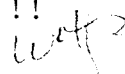
Thank you for your cooperation and consideration in this matter.

Very truly yours,

HEDMAN, HILEMAN & LACOSTA

  
William E. Hileman, Jr.

WEH/jm

P.S. Sounds like you are having another busy session. Keep up the good work!!!  




AREA CHAMBER OF COMMERCE

BN DEPOT SUITE 303

PO BOX 1120

WHITEFISH, MT 59937-1120 · PHONE 862-3501

FAX 862-9494

SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 20

BILL NO. AB 524

September 14, 1993

To: Honorable Senator Gerry Devlin

At its September 9th meeting, the Whitefish Chamber of Commerce, Board of Directors agreed to support the Resort Tax Committee, chaired by Jim Welsh in their efforts to amend and broaden the population limits in the current Resort Tax Law.

This endorsement is strictly for support of the Resort Tax Committee's efforts to amend and broaden the law, and is not to be construed as support for implementation of a resort tax for the City of Whitefish.

Were the law to change then Whitefish could consider institution a resort tax, and the Chamber of Commerce would then evaluate that proposal on its own merits.

Sincerely,

Michael Collins  
President

Sincerely,

JoAnn Cate  
Executive Director

DATE March 17, 1995EXHIBIT NO. 21BILL NO. HB 524**Whitefish Community Development Corporation**

P.O. Box 1955  
Whitefish, Montana 59937-1955  
(406) 862-9064

March 15, 1995

The Honorable Gerry Devlin  
Senate Taxation Committee  
Capitol Station  
Helena, MT 59620-1706

Dear Senator Devlin:

The Whitefish Community Development Corporation was founded in 1983 for the purpose of assisting local government and other groups or projects which will improve our community. Our membership consists of 30 men and women, most of whom are active in the business community.

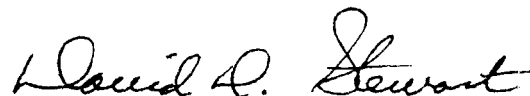
The WCDC strongly urges you to pass enabling legislation to allow the citizens of Whitefish to vote on a resort tax.

We feel that this issue is of vital importance for the future of Whitefish. Tourism is a key element of our economy but absorbs an overly large amount of City funds, particularly for law enforcement. This results in the City having inadequate funds to maintain streets, sidewalks and other basic infrastructure. This is a huge problem and a constant source of complaints from locals and tourists alike.

In our view, the only solution to this problem is to seek help from the tourists who use the streets and other infrastructure as much as local citizens.

The members of the WCDC urge you to vote in favor of legislation to allow us to vote on this issue.

Sincerely,



David D. Stewart  
President

DDS/rkh

# Provident Financial

Investments that hold your interest.

March 14, 1995

The Honorable Gerry Devlin  
Senate Taxation Committee  
Capitol Station  
Helena, Mt. 59620

SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 22

BILL NO. HB 524

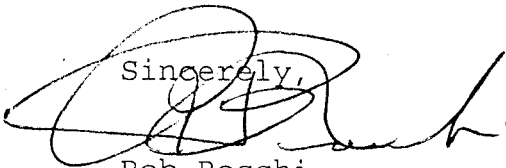
Dear Senator Devlin,

As a resident of the City of Whitefish, a community volunteer, and the owner of a local lending institution in the Flathead Valley I am writing seeking your support for HR 524, legislation which will enable the residents of the City of Whitefish to vote locally and control our destiny.

The streets and roads in Whitefish are in deplorable condition. Whitefish cannot continue using limited revenues to provide police and fire protection for its citizens and also maintain its infrastructure (streets, storm drains, etc.) without help. As a volunteer in the community it is my observation that a number of projects to enhance our community could go forward if the streets and roads, our infrastructure were improved. West Yellowstone is proof of what can be done, Whitefish could be another example.

Thank you for this opportunity to speak to you by mail. I hope the residents of our community have your support.

Sincerely,



Bob Rocchi

301 Main Street  
P.O. Box 2900

Kalispell, Montana  
59903

Tel: 406/756-1000  
- Fax: 406/756-1005



SENATE TAXATION

March 14, 1995

DATE March 17, 1995

EXHIBIT NO. 23

BILL NO. HB 524

Senator Gerry Devlin, Chairman  
Montana State Capitol  
Capitol Station  
Helena, MT 59620

Dear Senator Devlin,

I am writing to voice my support for H. B. 524. This bill will allow the voters of Whitefish to locally determine whether to enact a resort tax on motels, restaurants, bars and some luxury items.

Our infrastructure is heavily impacted by tourism and a community of 4,550 people, most of whom are reportedly retired, cannot possibly maintain adequate streets, sidewalks, curbs, gutters, sewage disposal and law enforcement. On any given weekend or for that matter day, the local population may double with the influx of tourists. Our economy is highly dependent on these tourists but they are not paying their fair share. Out pot holes have gained their own reputation throughout the state and with our tourists. While the residential population has not significantly increased in recent years, the traffic flow into and out of the City has increased from 11,000 to 25,000 vehicles per day. Currently our property taxes, while high, are not adequate to provide moneys for the maintenance of our infrastructures or the increased law enforcement needs which are directly influenced by tourism. Better streets and an increased police force would benefit not only the locals but the tourists also.

As a retired but active member of this community and one who has direct knowledge of the benefits accrued to the City of West Yellowstone from their resort tax, I urge the Committee to rule favorably on H. B. 524. I feel that the local citizens of Whitefish should have a voice in the welfare of their community. We need help from the Legislature to enable us to determine what is the best means of handling the impacts of tourism. It is a fact that tourism in our community is on the upswing and our problems will only increase proportionately.

Thank you for your consideration.



Jane Solberg  
Box 187

Whitefish, MT 59937

SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 34

BILL NO. HB 524

16 March 1995

Subject: H.B. 524

To : Senator Gerry Devlin  
Montana Senate Taxation Committee

Dear Senator Devlin:

Reference H.B. 524 currently before your committee.

With a nationally known ski resort at Big Mountain; large and scenic Whitefish Lake encircled with numerous homes, two state parks and three public beaches; nearby Glacier Nat'l Park; and many special events thru out the year; Whitefish has become the top year-round destination town in Montana for visitors.

This places unusual year-round loads, plus demands for quality, on our infrastructure and public services.

It is reasonable that visitors, as users, also contribute towards the cost of local facilities. It is therefore necessary and reasonable to target a resort tax so as to include businesses most used by visitors.

I therefore ask your favorable support for H.B. 524.

Sincerely,

*Walt Johnson*  
Chairman

Whitefish Board Of Adjustments



SENATE TAXATION

DATE March 17, 1995

EXHIBIT NO. 25

BILL NO. HB 524

State Senators  
Helena, MT

Senators:

March 13, 1995

We are very alarmed and concerned about the recent push to impose a 3% resort tax in our community.

Why should the local citizen of Whitefish be penalized because the City has been deemed a resort? We feel that it is important to note that we live in the City of Whitefish rather than "THE RESORT OF WHITEFISH".

We reject the idea of having to pay an extra 3% tax for "so-called non-essential items". We agree that the roads in Whitefish need to be repaired but do not feel that a resort tax is the way to accomplish raising the capital to do so.

Please take our views into consideration when reviewing this proposed tax.

Sincerely,

Maureen Shulman  
Box 4149

Whitefish, MT 59937

DAVID R. HART

900 Wisconsin #33

Whitefish, MT 59937

Cory Kelsey

648 Washington Place #4

Whitefish MT 59937

PAT EVANS

P.O. Box 1

WHITEFISH

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

BRIT W. REED

Box 4149

Whitefish, MT 59937

ANITA KUPHART

1489 Barkley Lane

Whitefish MT. 59937

Diana Motichka

P.O. Box 4626

Whitefish, MT.

59937

John

159937  
(5)

Heather Morgan

429 Geddes Ave

Whitefish, MT 59937

Robin Greenie

320 Braeger

Columbia Falls

DATE March 17, 1995EXHIBIT NO. 26BILL NO. SB 414Amendments to Senate Bill No. 414  
First Reading Copy

For the Committee on Taxation

Proposed by the Department of Revenue

Prepared by Jeff Martin  
March 14, 1995

1. Page 2, line 18.

Following: "15-30-121(1)"

Insert: "or 15-30-136(2)"

2. Page 3, line 11.

Following: "purposes"

Insert: "The maximum credit that a shareholder of a small business corporation, a partner of a partnership, or a member or manager of a limited liability company may claim in a year is \$500."

3. Page 3, line 12.

Following: line 11

Insert: "NEW SECTION. **Section 4. Beneficiaries of estates credit for community foundation contribution.** A contribution to a general endowment fund of a community foundation by an estate qualifies for the credit provided in [section 1]. Any credit not used by the estate may be attributed to each beneficiary of the estate in the same proportion used to report the beneficiary's income from the estate for Montana income tax purposes. The maximum amount of credit that a beneficiary may claim is \$500, and the credit must be claimed in the year the contribution is made. The credit may not be carried forward or carried back."

Renumber: subsequent sections

4. Page 3, line 18.

Strike: "Section"

Insert: "Sections"

Following: "1"

Insert: "and 4"

Strike: "is"

Insert: "are"

5. Page 3, line 20.

Strike: "section"

Insert: "sections"

Following: "1"

Insert: "and 4"

6. Page 3, lines 23 and 24.

Strike: "4"

Insert: "5"

DATE March 17, 1995

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: HB 524 Rep. McKee

SB 420 Senator Lynch

SB 421 Senator Hays

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Gordon Morris	MACO	SB 421	<del>✓</del>	X
Cliff Morris	MTN	HB 524		✓
William J. Labrie	Whitefish Police Chief	HB 524	✓	
DALE A. ENNOR	CITY OF WHITEFISH	HB 524	✓	
Doug Rommelt	Whitefish	HB 524	✓	
Kent Frampton	Whitefish	HB 524		✓
Dan Skiles	Whitefish	HB 524		✓
JAMES A. HOFFTUS	MT FIRE DIST ASSOC	SB 421	<del>✓</del>	✓
Colleen Muehling	Best Bet Casino	HB 524		✓
Jan Metzmaker	WF County Water + sewer Dist	HB 524	✓	
Phelps L'Homme dieu Phelps L'Homme dieu	Palace Bar - Whitefish	HB 524	✓	
Andy Terry	CITY OF WHITEFISH	HB 524	✓	
Lin A. Key	MTN. BKNFSH	HB 524	✓	
Ad. von Gontard	Self	HB 504	✓	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE March 17, 1995

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: \_\_\_\_\_

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
DARRELL HOLZER	AFL-CIO	SB420	✓	
Ed Blackman	Gallatin Co.			✓
M. Susan Good	CAPS	SB421	✓	
Michael Keady	MSBA	SB421		X
Lynnda Blanner	MASBO	SB421		X
Eri Orr	MEA	421		X
BILL BERMINGHAM	RETIRED	420		
Larry Ashender	Cascade Co. GFPS	SB-421		✓
Lorna Frank	MT. Farm Bureau	SB421	✓	
David Owen	MT chamber	SB420 SB421	✓	
W James Kembel	City of Billings	SB421		✓
Dennis Burt	MONTAX	SB420 SB421	✓	
Mike Volesky	MT Assoc. of Cons. Districts	SB421		✓
John Malen	M.F.A.	421		✓

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE

March 17, 1995

SENATE COMMITTEE ON

Taxation

BILLS BEING HEARD TODAY: \_\_\_\_\_

&lt; ■ &gt;

PLEASE PRINT

&lt; ■ &gt;

Check One

Name	Representing	Bill No.	Support	Oppose
RACHEL VILCOX	COUNTY SUPP of SCHOOLS	421		✓
Robert White	Bozeman Chamber	420	✓	
DON WALDON	MREA	421		✓
Greg Bryer	BayPoint Estates	HB 524	✓	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY