MINUTES

MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By **CHAIRMAN JOHN HERTEL**, on March 21, 1995, at 8:00 a.m.

ROLL CALL

Members Present:
Sen. John R. Hertel, Chairman (R)
Sen. Steve Benedict, Vice Chairman (R)
Sen. William S. Crismore (R)
Sen. C.A. Casey Emerson (R)
Sen. Ken Miller (R)
Sen. Mike Sprague (R)
Sen. Gary Forrester (D)
Sen. Terry Klampe (D)
Sen. Bill Wilson (D)

Members Excused: N/A

Members Absent: N/A

Staff Present: Bart Campbell, Legislative Council
Lynette Lavin, Committee Secretary

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

Committee Business Summary:
Hearing: HB 574, SJR 19
Executive Action: SJR DO PASS

HEARING ON HB 574

Opening Statement by Sponsor:

REP. WILLIAM REHBEIN, HD 100, Lambert, presented **HB 574**. This was a liquor privatization bill with a difference. The difference was that this bill was brought about by the major groups who would be affected by this process. He had worked with employees, agents, liquor licensees, liquor suppliers, and the Department of Revenue. He maintained there had been compromise involved which had produced an effective solution to balancing the many points of view. He explained the House amendments had further improved the bill, and this was especially true in the establishment of a wholesale and retail price arrangement which maintained a statewide, uniform wholesale price to liquor licensees but allowed agents to establish their own retail price. **REP. REHBEIN** stated while competition would hold excessive retail prices in check, the flexibility to set retail prices gave the agents the opportunity to earn profit in addition to the established commission rate.

REP. REHBEIN said another amendment brought the Department back to a 30 day payment requirement for liquor it purchased from distillers. He stated the Department needed the 60 day payment period during the biennium to maintain adequate cash flow during the conversion process. He related after that the new system would be sufficiently stabilized to bring payments to distillers back to the 30 day pay period. He reported this amendment did not affect the 60 day payment period agencies had to pay for products they purchased from the state warehouse. He said the bill converted 26 stores currently operated by state employees to agency franchise and required all agencies, including the existing 82 stores, to own the inventory they sold. They purchased the liquor from the state warehouse at a reduced price to compensate for their commission rate and discount sales to liquor licensees.

REP. REHBEIN related House amendments removed preference to store employees to become the new agents but still provided them a bonus if they stayed with their job until the transition was completed. He said it allowed for delays in paying for inventory that made borrowing money and paying interest unnecessary. He stated **HB 574** reduced state government by 76.5 FTE's, transferred $4 million one-time money to the General Fund, eliminated state ownership of inventory in stores, and eliminated the need for the state to be involved in the day to day management of stores.

Proponents' Testimony:

Mick Robinson, Department of Revenue, presented a narrative on **HB 574, EXHIBIT #1.** He related the state had 108 liquor stores. Twenty six of the stores were operated by state employees while the rest of the stores were operated by agents. They had a ten year franchise agreement with each agent in terms of the operation of those stores. They were presently paid a commission on the sale of the products and the state presently owned the inventory which was located in all of the retail stores. He said the two main proponents of this privatization proposal would be to move the present 26 state operated stores to an agency mechanism and to transfer the ownership of the inventory for all of the stores.

Mr. Robinson explained the present and the future systems required that private retailers and taverns, must purchase their supplies from the state liquor stores. He stated that presently accounted for approximately 55% of all sales of alcohol statewide. He maintained in the mechanism they had some adjustments in terms of wholesale discounts which would be allowed to the private retailers which recognized that volume relationship. He asked what was proposed and how would retail privatization be accomplished? The 26 state operated stores would be transferred to an agency basis identical to the present 82 agency stores. **Mr. Robinson** said the inventory would be sold to the agency stores. He asserted for the present 82 stores the transfer would take place on July 1, 1995. He claimed for the 26 state operated stores there would be a transitional period from July 1, 1995 until December 31, 1995, when that transfer would take place.

Mr. Robinson remarked the present bill required there be a bid process for the 26 stores. He maintained that was one of the amendments made by the House. He said the amendment removed the right of first refusal for the present employees within the 26 state stores. He urged the committee to remove that House amendment. Why privatize the state retail liquor stores? He said there were 76.5 FTE's connected with the 26 state stores. He related, in addition, the Helena office spent a lot of time monitoring the stores because the inventory was owned by the state. He reported the agents deposited their sales into a state bank account, and then they were paid a commission.

Mr. Robinson contended the transfer of the inventory would allow the agent to deposit the sale directly into his bank account and then he paid the state for the purchase of the inventory. He said the Helena office would still handle the licensing function and the central warehouse facility. Would the price of liquor change? **Mr. Robinson** expressed for the retailers, it would not; however, their full case discount would move from 5% to 8%. He said for the walk in customers, a House amendment would allow the agency store to set the price a little higher if they so chose.

Mr. Robinson said the transportation cost in delivering the product statewide was averaged among all of the deliveries. He maintained the rural areas paid no penalty for delivery. Would the variety of liquor products be changed and he stated probably not, although the inventory was transferred to the ownership of the agent. He explained most of the inventory turned over in 30 to 45 days, thus the 60-day interest free payment schedule allowed for a constant revolving line of credit which required no actual cash investment on the part of the stores.

Mr. Robinson declared there was a two week delivery cycle. They had the ability of mixed case deliveries as well as special orders. Would the number of agency liquor stores be changed and he stated **HB 574** had a moratorium on the number of liquor stores which would be in place until July 1, 1999. He expressed there would not be an increase in the number of stores during the moratorium period. If a community did not have a liquor store and was more than 35 miles away from a community with an agency store, **Mr. Robinson** said there was the possibility of additional liquor stores.

Mr. Robinson related how agents were paid their commission. He stated the agencies were paid the difference between the selling and purchase price. He contended the purchase price as it came from the warehouse would be the difference between the warehouse price and the commission and discount to the tavern owners. He related the purchase of the inventory would be extended over an 18 month period; for the 82 agency stores it would be July 1. They had 18 months in which to pay for that inventory. He said the first payment would not be required until 60 days after that transfer date. **Mr. Robinson** stated in order to protect the state's investment in inventory, there would be a bond required to be maintained by the agent until the liquor had been paid for.

Mr. Robinson conveyed **HB 490** extended preferences to state employees who would be riffed. He said it provided for training, relocation, preference for other state positions, six months of paid health insurance, and up to three years of PERS retirement. He said there was a bonus situation connected with the state stores which paid the employees a bonus of 26.8% of their salary if they continued with the store through the transition period. He maintained this was very important for an orderly transition.

Bob Gilbert, Montana Agency Liquor Stores Association (MALSA), stated they had been involved in this process from the start. He said the first change was the Franchise Act of 1993, which set up a ten year franchise. He said this was not pure privatization and was never intended to be. MALSA supported the concept of this bill. He said currently, agents were clerks for the State of Montana which was not a desirable way to do business. He said the commission was 10% and that could be negotiated in three years based on need.

Mr. Gilbert explained the House amendment allowed the agents to go above the cap price for walk-in trade was a positive move which allowed them to be more profitable in their businesses. Competition and good management would keep them from abuse. He said variety would not be restricted mainly due to the 60 day payment process. He maintained eighty to ninety percent of the product moved in 30 days. **Mr. Gilbert** also said some of the members did not support this bill. He said if there was total privatization, liquor would end up being sold in grocery stores, etc.

Mark Staples, Montana Tavern Association (MTA), stated they were the ultimate retailer of liquor products in the State of Montana and they were also the ultimate purchaser of liquor products in the state. They had an obvious interest in predictable products, supply and variety, stable product price and fluid product distribution. He maintained there was a drive to privatize which needed to be recognized. He conveyed there were strong reasons why the state should stay in the wholesale business, the least of which was control. **Mr. Staples** said the considerations must be supply, stability, and fairness toward employees. He professed this legislation was a significant step which should be given a chance to work. **Mr. Staples** told the committee the MTA supported the amendment which gave the employees the first right of refusal.

Mike Bruno stated it was very important for the committee to sort out the information from the misinformation. He remarked this legislation should benefit everyone in the system.

Pamela Miller, United Food and Commercial Workers Union, stated they were the union which represented the employees in liquor stores. They had members in favor of the bill as well as members who opposed the bill because they would lose their jobs. They participated in the drafting of this legislation. They asked the amendment be adopted which gave the employees first right of refusal. She said they didn't like the idea of privatization, but since it was a given, they participated in the drafting of this legislation.

REP. LARRY GRINDE, HD 94, Lewistown, stated he had been involved with this issue for five terms. He believed this was good legislation which would work for everyone concerned.

<u>Opponents' Testimony</u>:

Don Judge, Montana State AFL-CIO, clarified the position of his organization. Although organized labor remained opposed to privatization of the state liquor store system, they admitted they were involved in the development of this bill. He expressed appreciation to the sponsor and others who incorporated some of the concerns of the workers involved in the development of this legislation.

Mr. Judge said originally, **HB 574** represented a well thought out method for partially privatizing the state's retail liquor system. He maintained, unfortunately, House amendments had rendered **HB 574** much less favorable to the state's workers. He contended **HB 574** would have granted the state's liquor store employees a first right of refusal to purchase the agencies where they were employed as privatization occurred. **Mr. Judge** said that was amended out in the House. He declared from the beginning, labor had made their opposition clear to privatization of liquor stores system. They participated in the drafting of **HB 574** because their choice was to participate in designing the train or get run over by it. He maintained there was nothing wrong with the current system; the workers had done a good job for the state. He presented his written testimony, **EXHIBIT #2.**

Bea Lunda, co-agent of Shelby Liquor Store, presented a letter from her accountant, **EXHIBIT #3-A;** a letter from her banker, **EXHIBIT #3-B**; a monthly store sales & inventory, **EXHIBIT #3-C**; and 7 different location Purchase Models, **EXHIBIT #3-D**. She said she had amendments which would be introduced on the Senate floor. She stated her accountant advised her not to get involved with the purchase of initial inventory or enter into any contract under the proposed legislation (**EXHIBIT #3-A**). Her banker advised her to do the same (**EXHIBIT #3-B**). She referred to the monthly store sales and inventory for the month ending January, 1995 (**EXHIBIT #3-C**). The value of their inventory at cost was $50,000. She said the value of the inventory at retail was almost $90,000. She told the committee with the markup between the purchase price and the price of sale, agency stores should get a better part of the markup. **Ms. Lunda** announced twenty percent was sufficient to buy the inventory and pay it off in 18 months and anything short of that was not sufficient.

Ms. Lunda said the first year the accumulative fund balance was adequate to justify the cost of operations, some profit, payment on initial inventory and shipments. There were always four shipments which hadn't been paid for in any given time. She said in the following year the accumulative net balance was less than the payments on the inventory purchased 60 days before. She stated there would not be enough cash to keep operating. This would then turn around and there would be a recovery, but, she had to stay in her liquor store for 24 to 30 months without taking a dime out of it. Her amendment, which **SEN. GAGE** would carry, was to increase the commission to 20%.

Jill Mogan, liquor store employee in Billings, stated her opposition to the bill. She was considering becoming an agent. She asked the committee to reinstate the employee's right of first refusal.

Witness Statements were presented to the committee from three individuals. **Shane Farnsworth** recommended the bill be amended, **EXHIBIT #4**. **Ms. Mogan** opposed the bill, but also recommended it be amended, **EXHIBIT #5**. **Doug Kirby** recommended **HB 574** be amended, **EXHIBIT #6**.

{Tape: 1; Side: B}

Informational Testimony: None

Questions From Committee Members and Responses:

SEN. KEN MILLER asked **Mr. Robinson** to explain the open bid process. **Mr. Robinson** stated the bid process which they envisioned in the original draft of the bill was an open bid process which allowed the employees of a particular store the right of first refusal. They would bid on a commission rate. The maximum commission rate allowed was shown in **EXHIBIT #1.** He stated if there was not an employee within the store who wanted to bid on the store, the bid would be opened up to other employees in that city. He explained if there were not additional employees within the city who were interested in bidding, the bidding would then be opened to the general public. He related the House amendment would take away the right of first refusal. He maintained the way the bill was presently drafted would open it up to the general public as well as the employees.

He reported the low bid would be successful. **Mr. Robinson** expressed there was no matching of the low bid by state employees.

SEN. MILLER commented that originally there was a first right of refusal for employees in the store.

SEN. MIKE SPRAGUE asked **Mr. Robinson** to further explain the first right of refusal. His interpretation of this would be when a price or a commission rate had been established, the state employee could then meet or beat the offer and thereby had the first right of refusal. **Mr. Robinson** stated that was not what they had intended. He said The term first right of refusal to them was having different layers in terms of the bid process. He asserted the first layer would be that only the state employee would be allowed to bid. He declared the general public would not be allowed to bid unless employees were not willing to bid on that particular store. He said the first restriction would be the employees in the store; if they were not interested, the bid would be opened up to other employees within the community.

SEN. SPRAGUE asked how there could be a guarantee of fair market value without a bidding process and when would the domino effect of state employees end. **Mr. Robinson** stated the original bill only addressed the employees in a particular store. If the employees of that store did not want to bid, it would then be opened up to another store in that community. He said Billings had three stores. He stated it would not be opened up to other state employees. He announced it would be opened up to the general public. They set a maximum for a commission in interests of fair market value. The State of Montana would receive at least as much revenue in the future as they had in the past. He declared the bill included half time employees.

Mr. Blewett clarified the original bill included employees who were employed from July 1, 1994 through January 6, 1995. He stated the employee needed 544 hours of employment or more to be eligible to receive preference.

SEN. TERRY KLAMPE asked **Mr. Bruno** how he felt about the earlier testimony which needed a larger commission to make this work and **Mr. Bruno** commented this commission would work for the agents. He stated he would spend some time with the witness who testified and explain the line items which they were addressing in the memo which she handed out. **Mr. Bruno** maintained there were several mechanisms built into this legislation which encouraged and enabled the agents to get more than 10% commission. They had the opportunity to buy into sale items in the future which increased gross profit. They would be able to increase the sale prices on items. They had a fairly large cash balance which accumulated on a monthly basis. They could carry that in an interest bearing account which generated three to five percent on a monthly basis. He explained that money would be applied to the bottom line.

SEN. CASEY EMERSON asked **Mr. Robinson** if the employees would receive wages as well as a bonus during the transition and **Mr. Robinson** stated they would be paid their wages through the transition. He stated further if they stayed through the entire transition period, they then received a bonus which would be a percentage of their salary.

SEN. EMERSON asked why they wanted to control the days and hours they would be open for business. **Mr. Robinson** stated this applied to any tavern in terms of the sale of alcohol. He said the statute in terms of the sale of alcohol set the hours of 8:00 a.m. to 2:00 a.m. He reported the days of operation involved a compromise when drafting this legislation. He said the day which was in contention was Monday. He declared the liquor store owners were allowed to survey the tavern owners within their particular area of service and if 51% of those agreed in terms of a Monday opening then that liquor store could be opened on that particular day. He contended the agents had preferred the Monday openings. He maintained the tavern owners who had packaged liquor sales saw that as an infringement on their activity. The bottle sales which were made by the retailer on Monday had to be purchased from the agency store anyway so they would get the sale one way or the other.

SEN. EMERSON asked how resale of the store would take place. **Mr. Robinson** stated they now had a ten year franchise agreement with the agency stores in the interest of long term stability for those particular agents. He related that was a transferable agreement. He said the state would continue with the new agent. He reported the inventory owned at the time could be transferred in terms of negotiated sales price.

SEN. SPRAGUE stated this could be a big opportunity as well as a big responsibility. He said the state was really doing these people a favor by setting them up in business and giving them 18 months to pay for preexisting cash flow in an established market. He asked if they would be giving any instructions as to what the cause and effect of the law of supply and demand, etc., would mean to them? **Mr. Robinson** stated one of his concerns was the responsibility for running those agency stores had been on the state. He said the inventory they had in the retail stores was accepted in terms of what would be necessary to cover the normal turnover of the product. He thought there needed to be some education for the agents in terms of the operation of the store. They had more responsibility as well as more authority. One of his concerns was that payment for the inventory did not need to be made until the end of the 18 month period. He expressed there would; however, be a significant positive cash flow. They needed to make sure the agent understood that even though they had a large cash balance, they also had an accounts payable.

SEN. SPRAGUE asked if supplying 18 months of inventory interest free was part of the compromise and **Mr. Robinson** stated it was. He stated the concern was that banks would not loan 100% of the inventory and how would the individual who operated the store or the employee working there be able to come up with the necessary funds to operate the store?

SEN. STEVE BENEDICT stated the public perception would be the liquor business in Montana should operate on a more competitive basis. He maintained people who lived in Arizona during the winter and then returned to Montana had told him they paid approximately 30% less for liquor down there. They were wondering if the price for liquor in Montana would come down due to privatization. **Mr. Robinson** stated this legislation would not reduce the price of alcohol in Montana. He stated when comparing prices from other states, a person needed to look at what was encompassed in that price. The State of Montana had heavy taxes levied on the sale of alcohol. He maintained that was a large component of the price. He related to be price competitive with other states, they needed to address the tax component. He alleged the tax component brought in $1 million a year on liquor sales. He reported the profit from the retail operation in 1994 brought in about $3.4 million. He declared Montana was very competitive with Washington, Idaho, Wyoming, etc. He said Nevada was not dependent on alcohol taxes for operation of state services because they had a significant gambling revenue.

SEN. BILL WILSON asked about **HB 490**, which included employee severance protective benefits and **Mr. Blewett** stated the bill had a do pass from the originating committee. He related **HB 490** was then transferred to the Finance Committee.

SEN. WILSON asked if the Department of Revenue supported the aspect of **HB 490** and **Mr. Blewett** stated the Governor's Office testified in support of **HB 490** in the committees. He said it was a bill which covered riffed employees terms of downsizing. He said there should be no problem getting the bill to pass. He maintained in addition, the liquor store employees had the bonus component which was included in this bill.

SEN. KLAMPE asked how this legislation could be distinguished from the other legislation which had been presented during the last five years? **Mr. Robinson** stated this particular legislation was hammered out with most of the constituency groups affected by it. They were able to talk about the structure needed to go forward with this legislation. **Mr. Robinson** said there was a tremendous amount of compromise which went into it before the drafting took place.

SEN. MILLER asked **Mr. Judge** what items he would like addressed which were not handled during the negotiations and **Mr. Judge** stated they would like to address early retirement buy out. They had employees with 23 years of service. **HB 490** would allow them to purchase one year for every five years worth of time in the system and provided that the state purchased up to three of those first three years. He said the people with 23 years may not have the number of years which would allow them to be early retirees and yet they were too old to buy the store. He said that was not addressed in **HB 490**. He related **HB 490** was different from the bill in the last session. He announced that bill was funded by a general fund appropriation of the legislature with provisions for employee's retraining benefits, relocation, etc. He conveyed this bill was not funded and stated the agencies should use unexpended revenues to assist those employees. He asserted they participated in the drafting of this bill; however, they still had members who were opposed to privatization and didn't feel it would accomplish what the state thought it would accomplish.

SEN. GARY FORRESTER commented that in Billings, where there were three stores, one store had most of the inventory. He related most of the bar owners purchased their products from that one store. He said when one store was allowed to have this large an inventory, what would be the incentive for the employees at the other stores to buy the inventory? How would they ever be able to get some of the bar business? **Mr. Robinson** stated there was flexibility for particular stores. He declared there would be the allowability of delivery. He said the location of the smaller stores may be better for walk-in trade. The tavern activity was 55% of the activity. This left 45% as the walk-in trade. He said service would be the differentiating factor.

SEN. KLAMPE asked **Mr. Staples** if he had looked into the practices of other states involving privatization. **Mr. Staples** declared that there were as many varieties of distribution as there were states. He knew of no two which were exactly the same. He maintained liquor had to do with culture norms, religious norms, distribution patterns, etc.

<u>Closing by Sponsor</u>:

REP. REHBEIN stated he would resist retaining the amendment which was added on the House floor. He said many people in the House were concerned about this bill not allowing enough privatization. He related **HB 574** satisfied the request for privatization. **REP. REHBEIN** also presented to the committee the Comparative Report of Sales by Liquor Stores, **EXHIBIT #7**.

{Tape: 2; Side: A}

HEARING ON SJR 19

<u>Opening Statement by Sponsor</u>:

SEN. MIKE SPRAGUE, SD 6, Billings, presented **SJR 19**. He stated this resolution would provide an interim study of the feasibility of establishing a state-chartered or state-owned financial institution to accept investment of foreign deposits. He referred to a handout which provided an overview of the resolution, **EXHIBIT #8**, and on the back side was the Department of Revenue Collections -- 1990-1994, **EXHIBIT #9**.

SEN. SPRAGUE related Montana was in a unique situation in terms of population, banking rules, etc. He stated foreign businesses could make bank deposits in America and not pay a tax on those deposits. He related the wealthy had always had options which most people did not. He suggested Montana be the one place established that gave this right to North America. He maintained there were some problems which were reflected in the whereas clauses regarding the instability in currency levels of Mexico, Canada, etc., that would make Montana a safe haven for deposits. They were not encouraging nor discouraging drug money. He stated this resolution would provide two years to study this proposal to check into some of the opportunities Montana had.

SEN. SPRAGUE related a few years ago South Dakota made the exerted effort to amend and/or modify their rules and regulations as to legislation to accept credit card transactions. He expressed right now South Dakota was in the unique situation wherein all credit card transactions come into South Dakota. They were sitting in a very good position for tax revenue. He said Nevada made accommodations for the gambling industry.

SEN. SPRAGUE declared Montana may want to look at the feasibility of accepting foreign deposits. He explained for every billion dollars deposited, the state would receive a one percent royalty or fee. He told the committee the one percent fee on a billion dollars would equal $10 million in revenue per year. He related assuming total investment capital of $100 billion, Montana would realize annual revenues of $1 billion. He conveyed last year the total collections from state taxes were $594,147,256.

__Proponents' Testimony__:

John Cadby, Montana Bankers Association, stated they were always interested in exploring new ideas. He maintained, based on the proposal, this had no effect on Montana banks in the sense that foreign deposits would go to the State Board of Investments. They would turn around and invest that money in stocks and bonds. All the commercial banks in Montana had about $7 billion in total deposits. He stated the Savings and Loans had about $1 billion and the credit unions had about $1 billion. He related the State Board of Investments had about $5 billion. He said that would put the financial funds in this state at $14 billion.

Mr. Cadby reported about ten years ago, Sioux Falls, South Dakota, would never have been considered a financial center. Citicorp told the Governor of South Dakota if they could repeal all their usury laws and allow them to use Sioux Falls as a headquarters for their credit card base, they would bring 1000 jobs to Sioux Falls. He maintained twenty-four hours later the legislation had passed. He stated First Bank was now moving 1200 jobs to North or South Dakota. He announced the only negative effect would be whether or not the federal government would allow a state government to have anonymous checking accounts. **Mr. Cadby** said every $10,000 deposit needed to be reported to federal and state regulators and this was to determine the flow of drug money. Section 32-1-108 did allow the creation of an investment company reported **Mr. Cadby.**

Tom Hopgood, Montana Independent Bankers Association,. stated there may be some merit to this idea and asked the committee to consider **Mr. Cadby's** proposal.

Don Hutchinson, Commissioner of Financial Institutions Division of the Department of Commerce, referenced one section of law, § 31-1-108. He related there could be a state investment company which had the ability to take a fee for the service provided. **Mr. Hutchinson** reported there may be a problem with federal preemption, but the research at this point would be primarily legal research.

Opponents' Testimony: None

Informational Testimony: None

Questions From Committee Members and Responses:

SEN. KLAMPE asked **Mr. Cadby** if the fee of one percent would be a realistic fee. **Mr. Cadby** stated he had been advised that would be the charge in Switzerland.

SEN. BENEDICT, referred to the Department of Revenue Collections handout (**EXHIBIT #9**), and stated he had not seen property taxes listed. He asked if the total collected taxes was $600 million and he stated the general fund budget was well over a $1 billion. **SEN. SPRAGUE** replied he was referring to the taxes which Montana citizens paid.

SEN. FORRESTER asked why they would want this to be a state institution? Why leave free enterprise out of this. **SEN. SPRAGUE** replied that a foreign country would not invest money without the state's backing. He conveyed the state would only be in a regulatory position.

SEN. FORRESTER stated that part of the reason the off shore banking industry was so big was due to a confidentiality factor. The investments of state owned institutions had to be under public scrutiny. He asked if **SEN. SPRAGUE** really believed this could work and **SEN. SPRAGUE** referred to a letter from the individual who proposed this idea. He stated when the study was completed it would refer to public laws which applied to federal institutions. He said state banks piggyback on federal laws and regulations for enforcement. **SEN. SPRAGUE** told the committee the FDIC prohibited "no name" accounts. He reported the plan would be not to use the FDIC's $100,000 insurance. He explained the

State of Montana could have more and better insurance purchased on the open market much like security dealers had right now.

SEN. FORRESTER asked **SEN. SPRAGUE** if he had discussed this fiscal note with leadership. **SEN. SPRAGUE** stated the fiscal note told him there would be a joint resolution committee which had "x" number of dollars available and they would determine at that time what the cost would be.

CHAIRMAN JOHN HERTEL asked why Montana was being considered and **SEN. SPRAGUE** replied that Montana would be perfect for this project.

SEN. HERTEL asked about the time frame and **SEN. SPRAGUE** answered that it may take some time. He stated if they moved too fast, something may be missed. He said Wyoming may also be interested.

SEN. BENEDICT asked what was to keep all the other states from following suit and **SEN. SPRAGUE**, referring to South Dakota, stated it would probably be too little too late.

Closing by Sponsor:

SEN. SPRAGUE stated that the experts were not sure whether this would be relatively simplistic. He told the committee the interim study could answer a lot of questions. **SEN. SPRAGUE** related one estimate had been that a law firm could come up with the tools necessary to implement this project in two weeks.

EXECUTIVE ACTION ON SJR 19

Motion: **SEN. KLAMPE MOVED SJR 19 DO PASS.**

Discussion: **SEN. EMERSON** commented that Switzerland had been in this business for years. He related in the late 40's or early 50's, Beirut decided to get into the business of foreign investments. He stated it only took about two or three years to grow; however, the country then had problems and this venture fell apart. He would like to see a study on this proposal.

Vote: The motion **CARRIED UNANIMOUSLY** or voice vote.

ADJOURNMENT

Adjournment: The meeting adjourned at 10:30 a.m.

John R. Hertel
SEN. JOHN HERTEL, Chairman

Lynette Lavin
LYNETTE LAVIN, Secretary

JH/ll

MONTANA SENATE
1995 LEGISLATURE
BUSINESS AND INDUSTRY COMMITTEE

ROLL CALL Rm. 405 DATE March 21, 1995

NAME	PRESENT	ABSENT	EXCUSED
STEVE BENEDICT, VICE CHAIRMAN	✓		
WILLIAM CRISMORE	✓		
CASEY EMERSON	✓		
GARY FORRESTER	✓		
TERRY KLAMPE	✓		
KEN MILLER	✓		
MIKE SPRAGUE	✓		
BILL WILSON	✓		
JOHN HERTEL, CHAIRMAN	✓		

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SENATE STANDING COMMITTEE REPORT

March 21, 1995

MR. PRESIDENT:
We, your committee on Business and Industry having had under consideration SJR 19 (first reading copy -- white), respectfully report that SJR 19 do pass.

Signed: John Hertel
Senator John R. Hertel, Chair

Amd. Coord.
Sec. of Senate

651125SC.SPV

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 1-A
DATE 3-21-95
BILL NO. HB 574 ~~3/20/95~~

DESCRIPTION
STATE LIQUOR RETAIL PRIVATIZATION PROPOSAL
HB574 AS AMENDED BY THE HOUSE OF REPRESENTATIVES

(Presented by Mick Robinson)

Background: Since 1933 the State of Montana has not only controlled liquor sales through regulation, but has also maintained a monopoly on the public's access to liquor through a central warehouse located in Helena and up to 168 liquor stores located throughout the state. Currently there are 108 state liquor stores, 26 operated by state employees with the rest being operated by agents who are paid a commission on sales. The state also licenses private retailers to sell liquor for consumption on their licensed premises and for off-premises consumption (package sales). The number of retail licenses is limited by a quota system. Private retailers are required by law to purchase all the liquor they sell from a state liquor store. Licensees are not permitted to sell liquor at prices lower than state liquor store prices. While state liquor stores perform a wholesale function for licensees, the general public is permitted to purchase from state liquor stores at the same price available to licensees. Fifty-five percent of all state liquor store sales are to licensees.

What is proposed and how will retail privatization be accomplished? The liquor distribution system that is currently in place will remain unchanged for the most part. However, the 26 state liquor stores operated by state employees will be converted to stores operated under agency franchise contracts just as 82 agency stores are currently operating. The inventory that is now furnished by the state to agents will be purchased and owned by the agents; currently the state owns the inventory located in state stores and agencies. Agents will purchase the liquor they sell from the state warehouse at a price that is less than the state's posted price per bottle to cover an agent's commission and historical level of full case discounts granted at the store. Current agents will take over ownership of inventory on July 1, 1995. State employee operated stores will be converted to contract agencies that own the liquor inventory between July 1, 1995 and December 1, 1995. The availability of agency franchises for stores currently operated by state employees will be advertised for bids according to procedures already established by the Department of Administration and go to the best qualified bidder. Procedures under current law will continue: no person can have any ownership interest in more than one agency; no liquor licensee may have an ownership interest in an agency; an agent may sell the agency franchise contract after state approval; agents must carry liability insurance indemnifying the state at levels specified by the state.

Why privatize the state retail liquor stores? The state drops 76.5 FTE from its control (69.5 FTE in stores and 7 FTE in the central office in Helena) and sheds costly inventory investment in state liquor stores. This conversion results in a one-time transfer of $4 million to the general fund. Since the State no longer will have assets or employees in liquor stores, it no longer will have to involve itself in the day-to-day management of stores or need to account for monthly inventory values. Agents will be free to be more entrepreneurial in the service they provide than previously allowed. For example, agencies will have the option of delivering liquor to licensees and other customers and will be able to set the price of liquor for retail customers (but not less than the state's posted price). Agencies can expand their product lines to include items other than liquor; however, current law continues to prohibit agencies located in communities with 3,000 or more inhabitants from being located in or adjacent to grocery stores.

Will the price of liquor change? The price may be different for agency store's retail customers. The introduced bill was amended to make a distinction between sales to an agency store's wholesale customers (i.e. liquor licensees) and a store's retail customers. Wholesale customers will be sold liquor at the state's posted price which is calculated just as it is now. Retail customers will be sold liquor at price set by the agent, but not less than the posted price. The posted price will be the same at every agency liquor store throughout the state just as it is now. A uniform posted price prevents penalizing the more rural communities remote from the Helena warehouse with higher prices due to added freight costs while maintaining the economies that a single warehouse operation avails a large geographical state containing a relatively small population. The discount for full case purchases by liquor licensees will change however. The discount will be available to liquor licensees only and will be increased from the current 5% discount to 8%. The new discount arrangement and the opportunity for agents to set a retail price different from the posted price more clearly differentiates agency liquor stores' wholesale function from their retail walk-in trade function and acknowledges more adequately the volume and stability of stores' wholesale relationship with licensees.

Will the variety of liquor products change? Agency liquor stores will be required to carry the variety and quantity of products needed to meet demand in the community. Financial constraints on an agent's ability to [illegible] sufficient inventory to meet demand is eased considerably by a two-week delivery schedule to every

What days and hours can agencies be open? Agencies will normally operate 5 days a week (Tuesday through Saturday) at least 6 hours a day (but not between the hours of 2 a.m. and 8 a.m.). Agencies will be closed on state holidays. If agents in a community obtain agreement from 51% of the liquor licensees, they can be open on Mondays as well.

How will an agent's commission rate be established? Current agents will initially continue with the commission rates they now have except that the commission will be based on the state's posted price of liquor rather than the price after full case discounts are applied. The 26 new agencies currently operated by state employees will have a commission rate that is set by bid which is not to exceed a store's direct operating expense in FY94 divided by the store's gross sales in FY94, and not to exceed 10% nor to be less than 10% for stores in communities with less than 3,000 inhabitants (see table below for new agency maximum initial rates). Rates can be adjusted upward every 3 years if an agency's rate is lower than peer agencies or extraordinary expenses are demonstrated and adjusted downward at the 10-year contract renewal if the state can demonstrate that it is in the state's best interest to do so.

Anaconda	8.55%	Butte 116	8.75%	Kalispell 12	9.08%	Missoula170	8.89%
Billings 3	8.18%	Glasgow	10.00%	Kalispell 195	9.80%	Missoula171	5.76%
Billings 4	5.88%	Glendive	9.24%	Laurel	10.00%	Polson	10.00%
Billings 196	7.37%	GreatFalls139	10.00%	Lewistown	8.92%	Red Lodge	10.00%
Bozeman 9	7.74%	GreatFalls141	7.56%	Libby	10.00%	Whitefish	7.27%
Bozeman193	8.26%	Havre	8.74%	Livingston	7.95%		
Butte 2	10.00%	Helena	7.42%	Miles City	8.25%		

How do agents get paid their commissions? The price of liquor purchased from the state warehouse will be reduced by the commission rate applicable to an agency. So when the agent sells a bottle of liquor at the state's posted price, the agent earns the commission which is the difference between the agent's purchase price and the posted price. For example, an agent with a 10% commission will purchase a 12-bottle case of liquor that sells at a state posted retail price of $10 per bottle for $108 from the state warehouse; the sale of each bottle of liquor will produce a $1 commission. Since the amended bill allows an agent to sell liquor to retail customers at a price higher than the posted price, the agent will earn the commission plus whatever the agent has priced liquor for retail customers above the posted price.

How do agents get compensated for full case discount sales to liquor licensees? The method is similar to commissions. Each agency has an historical full case discount percentage based on its experience in FY94 (discounts divided by gross sales). This discount percentage is adjusted for the increased discount rate (from 5% to 8%). In addition to the reduction for commission rate, liquor purchased from the state warehouse will be reduced by the adjusted discount rate applicable to an agency. So when the agent sells a bottle of liquor at the state posted price to either liquor licensees or retail customers, the agent earns both the commission and the value ... For example, an agent with discounts allowances of $10,000 and

warehouse, and the ability to special order products not carried as regular items in the warehouse. While entrepreneurial incentives will likely keep agents responsive to public demand for variety, the law provides for the central office to respond to complaints on a case-by-case basis.

Will the number of agency liquor stores change? The proposed law establishes a quota for the number of agencies that can operate in a community. The number of agencies in a community varies with population as measured every two years by the Federal Census Bureau. Communities with 12,000 inhabitants or less can have one agency. For each increment of 40,000 inhabitants above 12,000, one additional agency is allowed. For example, communities between 12,001 and 52,000 inhabitants are allowed 2 agencies and communities between 52,001 and 92,000 inhabitants are allowed 3 agencies. The proposed law puts a moratorium on any additional agencies in communities that currently have one or more stores until after July 1, 1999. There is no moratorium for communities that do not currently have an agency liquor store and are more than 35 miles away from a community with an agency store.

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 1-B
DATE 3-21-95
BILL NO. HB 574

1994-1993 ANNUAL FINANCIAL REPORT of the Liquor Enterprise Fund

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.

MONTANA DEPARTMENT OF REVENUE

Sam W. Mitchell Bldg.
Helena, Montana

EXHIBIT NO. 2
DATE 3-21-95
HB NO. HB 574

Montana State AFL-CIO

Donald R. Judge
Executive Secretary

110 West 13th Street, P.O. Box 1176, Helena, Montana 59624

406-442-1708

TESTIMONY OF DON JUDGE IN OPPOSITION TO HOUSE BILL 574 BEFORE THE SENATE BUSINESS AND INDUSTRY COMMITTEE MARCH 21, 1995.

Mr. Chairman, members of the committee, for the record my name is Don Judge and I'm appearing here today in behalf of the Montana State AFL-CIO to testify on House Bill 574, the "privatization of state liquor stores" bill.

Although organized labor remains opposed to privatization of the state's liquor store system, we will admit that our organization, and the unions which represent the state's liquor store employees, were involved in the development of HB 574. In fact, I'd like to express our appreciation to the bill's sponsor, Rep. Rehbein, and the representatives of the Department of Revenue for their willingness to encourage the involvement and incorporate some of the concerns of these workers in the development of this legislation.

As originally introduced, House Bill 574 represented a much better and well thought out method for partially privatizing the state's retail liquor system than any previously-considered legislation. Unfortunately, amendments to the bill on the House floor during debate have rendered HB 574 much less favorable to the state's loyal workers who have operated these stores, some for as many as 20 years or more.

As introduced, HB 574 would have granted the current state liquor store employees a "first right of refusal" to purchase the agencies where they work, as privatization occurs. That right was amended out in the House, apparently in retaliation for the union's refusal to support the bill, after participating in its drafting.

For the record, let me assure you that from the beginning labor had made its opposition to privatization of our state's liquor system clear. Our participation in the drafting of HB 574 was predicated on the understanding that "we could either participate in designing the train (bill) or getting run over by it." Given that "choice", labor determined that we should do our best to make the bill as palatable as possible for the employees affected in the event that it should pass.

You should also understand that the employees impacted by the amendment will, in all probability, no longer be members of the unions which currently represent them if privatization occurs. So the amendment, aimed at the unions, is in reality a shot at the workers who have made the system work, for Montana citizens and in generating revenue for the state for many, many years.

Adding to the complexity of the union's position is the fact that the workers, themselves, are divided over this bill. We will concede that there are some who would like to give privatization a shot. They would like to buy and operate the stores in which they now work. There are others who oppose privatization, but if its going to happen, would like the first right of refusal option. Then there are those who are flatly opposed to privatization and are afraid for their futures. Some of these are closer to retiring than they are to starting over, but not close enough to retirement to feel good about losing their jobs.

In any event, Mr. Chairman and members of the committee, we would encourage you to reinsert the employees first right of refusal and give those employees who believe that they can make it a chance to do so. Without this provision, it is clear that individuals with money, without any history of operating liquor stores, will have the advantage on such ownership.

Having said that, I would repeat that organized labor remains opposed to privatization and thereby opposed to HB 574.

In the interest of time I will submit our objections to privatization for the record.

(1) Not all employees will be in a position to take advantage of purchasing the current state liquor stores. There will be employees who will lose their jobs, suffer possible loss of retirement and suffer economic dislocation as a result of privatization. Whenever that happens, collateral impacts can include family breakups, increased health problems and greater reliance on public assistance.

(2) Privatization of the state's retail liquor stores, we believe, will not result in any increased revenue to the state. In fact, we believe it may well result in reduced revenue as these newly-created private ventures will likely form a potentially powerful special interest group, engaging in political and legislative activities in order to enhance their profit margins at the expense of state revenues. The current structure inhibits the creation of such a special interest group.

(3) HB 574 limits and caps the percentage of profits which may be made by the newly-privatized stores, as well as current agency stores. This restriction, combined with the state's setting of liquor pricing and monopoly ownership of the liquor warehouse really means that this so-called privatization is not really transferring ownership to actual "private sector" businesses. Consider the dilemma that it puts these new "private sector" owners in. In order to enhance their profits, they must do one of two things. They must (1) increase the volume of their liquor sales or, said another way, increase the amount of liquor that is consumed in Montana; or, (2) make these stores more than liquor stores by selling, or leasing, everything but restaurant food.

We believe that both options could result in circumstances which are detrimental to one of the most important aspects of having a state monopoly in the first place: to regulate the consumption and distribution of alcohol in Montana. The attached "comparison of selected alcohol-related data of control states and open states" points to the resulting negative impacts of increased alcohol consumption.

(4) On the opposite side of the spectrum is the potential for reducing the variety and availability of exotic spirits to the consuming public. Currently, the state maintains a fairly large variety of alcoholic beverages in its inventory in order to satisfy the desires of its customers. With HB 574, this variety and availability will "necessarily" be limited. In order to make the "sale" of the inventory to the new owners affordable and to enhance the possibility of these stores "making it", HB 574 provides for a reduction in current store inventories. This reduction is reflected in both volume and variety. For the discriminating customer, this may well mean that their favorite beverage will no longer be readily available.

Mr. Chairman, members of the committee, there are other reasons why we believe that privatization of the state' retail liquor store system is not a good idea, but I'll try to sum up our opposition with just a few additional comments.

House Bill 574, for all the hard work of its sponsor and those individuals participating in its development, does not represent true privatization of the system. It is, rather, simply a shifting of the cost of purchasing the ongoing inventory from the state to a rigidly controlled licensee structure. Partial price fixing, store location, parameters on inventory selection and profit levels will still be regulated or established by the state.

Privatization will not result in enhancing profits or taxes accruing to the state and may, in fact, result in the creation of a powerful, special interest lobby which could eventually cost the state money, raise the prices for the consumer and create greater impetus for more consumption in Montana.

The pressure by large retail grocery outlets to expand the licensees and allow grocery stores to sell liquor will grow and, like other "privatized" states, liquor will eventually become more accessible and less controllable in such circumstances.

We believe that the quest for privatization is driven by public sentiment which, in turn, was influenced by incomplete and inaccurate data. Before proceeding, we would encourage you to ask simple questions. Would this proposal result in true privatization of the state's liquor system? Will the state actually acquire $5 million in one time revenue, if not, how much? Is there a compelling control issue, or financial reason to privatize the state liquor system? Do you expect that once partially privatized special interest pressure will mount for a more full privatization and freedom to set prices, influence tax rates and adjust inventories? Will this proposal result in better consumer services or enhance product selection? Does this proposal result in an elimination of the case lot discount for individual citizens, and subsequently, higher prices for such purchases?

We encourage you to ask these and other questions.

We would also encourage you to reject HB 574. Thank you.

EXHIBIT 2
DATE 3-21-95
SL HB 574

COMPARISON OF SELECTED ALCOHOL-RELATED DATA OF CONTROL STATES AND OPEN STATES

	CONTROL STATES (Average)	OPEN STATES (Average)	OPEN STATES HIGHER BY
Motor vehicle fatalities, 1992 (Open states have 32.98% MORE motor vehicle fatalities than control states.)	634.00	843.12	33%
Violent crime rate per 100,000 population, 1992 (Open states have 85.75% MORE violent crimes than control states.)	390.30	724.97	86%
Alcohol-related motor vehicle fatalities, 1992 (Open states have 48.91% MORE alcohol-related motor vehicle fatalities than control states.)	263.61	392.55	49%
Alcohol-related mortality per 100,000 population, 1986-1990 (Open states have 4.57% MORE alcohol-related mortalities than control states.)	42.93	44.89	5%
Alcohol-related mortality due to cirrhosis per 100,000 population,1991 (Open states have 13.45% MORE alcohol-related cirrhosis mortalities than control states.)	9.09	10.31	13%
Homicide per 100,000 population,1992 (Open states have 74.96% MORE homicides than control states.)	5.63	9.85	75%

Sources:

Total Auto Deaths	U.S. Dept of Transportation Traffic Safety Facts 1992, pp 154-155
Violent Crime	U. S. Federal Bureau of Investigation, Crime in the United States, annual
Alocohol-Related Auto Deaths	U.S. Dept of Transportation Traffic Safety Facts 1992, pp 154-155
Alcohol-related Mortalities	U. S. Dept of Health and Human Services U.S. Alcohol Epidemiologic Data Manual, 4th ed. Vol 3, Tale 1, pp332
Alcohol-related Cirrhosis deaths	Statistical Abstract of the United States 114th Ed, 1994, Table 129
Homicide	U. S. Federal Bureau of Investigation, Crime in the United States, annual

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 3-A
DATE 3-21-95
BILL NO. HB 574

Gary McDermott

CERTIFIED PUBLIC ACCOUNTANT

Phone (406) 434-5186

P.O. Box 716 Shelby, MT 59474

March 20, 1995

Tony & Bea Lunda
D/B/A Shelby Liquor Store #29
227 Main
Shelby, Montana 59474

Re: House Bill #574

Dear Tony and Bea:

Per your request, I have reviewed the Liquor Agency Product Purchase Model for Store Number 33 which is located in Conrad, Montana. In addition, I have looked over the financial data that you have provided for the calendar year ended December 31, 1994. From this information, it appears that a small rural retail store would have a difficult time operating on the proposed profit margin of 10%, as outlined in House Bill 574. Retail stores, in general, usually operate on a 40% to 50% gross profit margin. Even with the State carrying the initial inventory purchase on an interest free basis, a 10% margin is not sufficient to cover operating expenses and wages to the owner operator. A more realistic margin would be 20%.

The Shelby Store had gross sales of $277,000 in 1994. This would leave $27,700 to cover operating expenses and wages to you. The store operating expenses in 1994 were $12,500 leaving a net income of $15,200. From this figure, it is proposed in HB574 that you would pay for the initial inventory over a 16 month period. Based upon the Model for Store #33, which is comparable to the Shelby Store, this would require a monthly payment of $1,433 on the initial inventory purchase, for an annual amount of $17,196. Subtracting this figure from the net income leaves a negative cashflow for the year of $1,996. The Model even shows cashflow shortages. In December of year 2, the cumulative cash fund balance is $21,118 and $37,165 is owed to the State in inventory purchases. (1st half January $9,299, 2nd half January $13,933 and 1st half February $13,933)

I do not recommend that you purchase the store unless you have sufficient outside resources to help finance the store and to provide you with a living allowance during the first 2 years.

Sincerely yours,

Gary McDermott
Certified Public Accountant

EXHIBIT NO. 3-B
DATE 3-21-95
BILL NO. HB 574

First State Bank of Shelby
DRAWER N
SHELBY, MONTANA 59474-0913

March 20, 1995

Mr. and Mrs. Tony Lunda
PO Box 707
Shelby MT 59474-0707

Dear Tony and Bea:

After reviewing the past several years books from the Liquor Store and reviewing the computer printouts on the proposed payment and pass-through system for privatizing the liquor stores, if would appear that some time in the 18th and 20th months you would end up owing more money than would be in your reserve fund account and depending on your original level of inventory, that could be anywhere from $15,000-25,000, which in order to pay the State for your liquor purchases, it would be necessary to have to borrow.

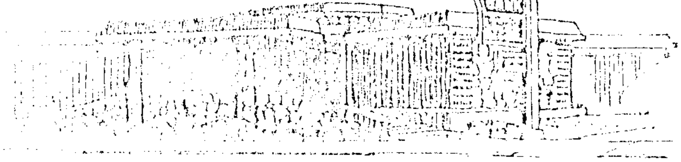
Based on the liquor store inventory itself, furniture and fixtures and equipment, the collateral for a loan would seem to be sufficient. The problem is that under the current system, the amount of cash flow available to you through only a 10% commission is not sufficient to pay normal operating expenses, provide a modest salary and still have enough left over to repay debt over an acceptable period of time on inventory.

It would appear that a 20% commission would allow you sufficient income to amortize your debt out over a reasonable period of time and still provide you with a return on your investment and reimbursement for your labor. Should you have any questions, please feel free to give me a call.

Sincerely,

Byron H. Kluth
Byron H. Kluth
President

BK/ba



PHONE: (406) 434-5567

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 3-C
DATE 3-21-95
BILL NO. HB 574

MONTHLY STORE SALES & INVENTORY

STORE NO. 29: SHELBY #29 FOR THE MONTH ENDING: JANUARY, 1995 GRADE: 06

* * * * * * * * * * * * > > MONTH-END BALANCING < < * * * * * * * * * * * *

		COMPUTED SALES	18,732.75
AA1 REPORTED CASH	18,549.25	LESS DISCOUNT	247.95
AA1 REPORTED SALES	18,549.25	AA1 REPORTED SALES	18,549.25
CASH OVER & SHORT	.00	SALES OVER & SHORT	64.45

CASH OVER & SHORT	.00
SALES OVER & SHORT	64.45
NET OVER & SHORT THIS MONTH	64.45
NSF CASH	.00
ADJUSTED OVER & SHORT THIS MONTH	64.45

RLD & DISCOUNT SALES IN UNITS	1,147
TOTAL SALES IN UNITS	1,768
RLD & DISCOUNT SALES / TOTAL SALES RATIO	64.87 %
INVENTORY TURNS (ANNUALIZED)	.007
VALUE OF INVENTORY - AT COST	50,628.09
VALUE OF INVENTORY - AT RETAIL	89,921.15

TABLE WINE SALES:	UNITS	TAX	SELLING
	0	.00	.00

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 3-D
DATE 3-21-95
BILL NO. HB 574

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 3-D
DATE 3-21-95
BILL NO. HB 574
(Presented by Bea Lunda)

LIQUOR AGENCY PRODUCT PURCHASE MODEL — STORE # 104 LOCATION Whitehall — BEGIN YEAR 2 — Initial Purchase : 6 weeks supply

Feb 197 crisis

LINE#		
1	Commision rate	10.00%
2	Discount rate (adjusted for discount increase)	0.52%
3	Discount rate (FY94 discounts divided by FY94 gross sales)	0.32%
4	FY94 discounts granted	404
5	FY94 gross sales	125,044
6	FY94 units sold	11,063
7	Average retail posted price per unit	$11.30
8	Number of weeks of inventory for initial shelf,buffer, 2 wk sale	6
9	Average units sold per week in FY94	213

LINE#		JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER	
10	Monthly distribution of annual units sold	10.48%		8.09%		8.57%		9.18%		8.70%		11.85%	
11	Total Sales This Month (units)	1,159		895		948		1,016		963		1,311	
12	Total Sales This Month ($)	$13,100		$10,116		$10,715		$11,484		$10,885		$14,818	
		1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF
	INVENTORY PURCHASES												
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate												
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	5,861	5,861	4,526	4,526	4,794	4,794	5,138	5,138	4,870	4,870	6,630	6,630
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	5,861	5,861	4,526	4,526	4,794	4,794	5,138	5,138	4,870	4,870	6,630	6,630
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD												
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales		(807)		(807)		(807)		(807)		(807)		(807)
17	Payments on inventory purchased 60 days prior	(4,111)	(4,612)	(4,612)	(5,861)	(5,861)	(4,526)	(4,526)	(4,794)	(4,794)	(5,138)	(5,138)	(4,870)
18	CUMMULATIVE NET INVENTORY PAYABLES	19,120	19,562	19,476	17,334	16,267	15,728	16,340	15,877	15,953	14,878	16,370	17,323
	INCOME												
19	TOTAL SALES THIS PERIOD	6,550	6,550	5,058	5,058	5,358	5,358	5,742	5,742	5,442	5,442	7,409	7,409
20	DISCOUNTS APPLIED THIS PERIOD	(34)	(34)	(26)	(26)	(28)	(28)	(30)	(30)	(28)	(28)	(38)	(38)
21	NET INCOME THIS PERIOD	6,516	6,516	5,032	5,032	5,330	5,330	5,712	5,712	5,414	5,414	7,371	7,371
	AVAILABLE FOR EXPENSES & PROFIT												
22	Commission payment equivalent	655	655	506	506	536	536	574	574	544	544	741	741
	INVENTORY PAYABLES RESERVE FUND												
23	Contributions (net income less amount avail. for expns. & profit)	5,861	5,861	4,526	4,526	4,794	4,794	5,138	5,138	4,870	4,870	6,630	6,630
24	Cummulative fund balance (less reductions to payables)	12,070	12,513	12,427	10,285	9,218	8,679	9,291	8,827	8,903	7,328	9,320	10,273

LINE#		JANUARY		FEBRUARY		MARCH		APRIL		MAY		JUNE	
10	Monthly distribution of annual units sold	5.61%		6.49%		7.80%		7.63%		7.35%		8.24%	
11	Total Sales This Month (units)	621		718		863		844		813		912	
12	Total Sales This Month ($)	$7,019		$8,115		$9,754		$9,540		$9,189		$10,308	
		1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF
	INVENTORY PURCHASES												
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate												
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	3,140	3,140	3,631	3,631	4,364	4,364	4,268	4,268	4,111	4,111	4,612	4,612
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	3,140	3,140	3,631	3,631	4,364	4,364	4,268	4,268	4,111	4,111	4,612	4,612
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD												
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales												
17	Payments on inventory purchased 60 days prior	(4,870)	(6,630)	(6,630)	(3,140)	(3,140)	(3,631)	(3,631)	(4,364)	(4,364)	(4,268)	(4,268)	(4,111)
				9770		6771							
18	CUMMULATIVE NET INVENTORY PAYABLES	15,593	12,104	9,105	9,596	10,819	11,553	12,190	12,094	11,841	11,684	12,028	12,529
	INCOME												
19	TOTAL SALES THIS PERIOD	3,510	3,510	4,058	4,058	4,877	4,877	4,770	4,770	4,595	4,595	5,154	5,154
20	DISCOUNTS APPLIED THIS PERIOD	(18)	(18)	(21)	(21)	(25)	(25)	(25)	(25)	(24)	(24)	(27)	(27)
21	NET INCOME THIS PERIOD	3,491	3,491	4,037	4,037	4,852	4,852	4,745	4,745	4,571	4,571	5,127	5,127
	AVAILABLE FOR EXPENSES & PROFIT												
22	Commission payment equivalent	351	351	406	406	488	488	477	477	459	459	515	515
	INVENTORY PAYABLES RESERVE FUND												
23	Contributions (net income less amount avail. for expns. & profit)	3,140	3,140	3,631	3,631	4,364	4,364	4,268	4,268	4,111	4,111	4,612	4,612
24	Cummulative fund balance (less reductions to payables)	8,544	5,054	2,055	2,546	3,770	4,503	5,140	5,044	4,791	4,635	4,978	5,479
				4601		8273							
				-5169		+1502							

#24,000

#10,000

8273

LINE#	LIQUOR AGENCY PRODUCT PURCHASE MODEL		STORE #		33 LOCATION Condrad												Initial Purchase :		6 weeks supply							
			BEGIN YEAR 2																							
1	Commision rate	10.00%																								
2	Discount rate (adjusted for discount increase)	1.59%																								
3	Discount rate (FY94 discounts divided by FY94 gross sales)	0.99%																								
4	FY94 discounts granted	2,227																								
5	FY94 gross sales	224,671																								
6	FY94 units sold	21,478																								
7	Average retail posted price per unit	$10.46																								
8	Number of weeks of inventory for initial shelf, buffer, 2 wk sale	6																								
9	Average units sold per week in FY94	413																								
10	Monthly distribution of annual units sold		8.36%		7.92%		8.20%		9.51%		9.36%		14.03%		5.35%		6.52%		7.86%		6.89%		8.32%		7.67%	
11	Total Sales This Month (units)		1,796		1,702		1,761		2,043		2,011		3,013		1,150		1,400		1,689		1,480		1,786		1,647	
12	Total Sales This Month ($)		$18,787		$17,804		$18,421		$21,371		$21,036		$31,517		$12,030		$14,645		$17,668		$15,482		$18,682		$17,228	
			JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER		JANUARY		FEBRUARY		MARCH		APRIL		MAY		JUNE	
			1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF
	INVENTORY PURCHASES																									
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate																									
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate		8,305	8,305	7,871	7,871	8,143	8,143	9,447	9,447	9,299	9,299	13,933	13,933	5,318	5,318	6,474	6,474	7,810	7,810	6,844	6,844	8,259	8,259	7,616	7,616
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)		8,305	8,305	7,871	7,871	8,143	8,143	9,447	9,447	9,299	9,299	13,933	13,933	5,318	5,318	6,474	6,474	7,810	7,810	6,844	6,844	8,259	8,259	7,616	7,616
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD																									
16	Payments on initial shelf stock, back room buffer & 2 weeks sales			(1,433)		(1,433)		(1,433)		(1,433)		(1,433)		(1,433)												
17	Payments on inventory purchased 60 days prior		(8,259)	(7,616)	(7,616)	(8,305)	(8,305)	(7,871)	(7,871)	(8,143)	(8,143)	(9,447)	(9,447)	(9,299)	(9,299)	(13,933)	(13,933)	(5,318)	(5,318)	(6,474)	(6,474)	(7,810)	(7,810)	(6,844)	(6,844)	(8,259)
																	$19,251		$11,792		$14,284		$14,654		$15,103	
18	CUMMULATIVE NET INVENTORY PAYABLES		30,700	29,957	30,211	28,344	28,182	27,022	28,599	28,471	29,627	28,046	32,532	35,733	31,751	23,136	15,677	16,833	19,326	20,662	21,032	20,066	20,514	21,929	22,702	22,059
	INCOME																									
19	TOTAL SALES THIS PERIOD		9,394	9,394	8,902	8,902	9,210	9,210	10,685	10,685	10,518	10,518	15,759	15,759	6,015	6,015	7,322	7,322	8,834	8,834	7,741	7,741	9,341	9,341	8,614	8,614
20	DISCOUNTS APPLIED THIS PERIOD		(149)	(149)	(141)	(141)	(146)	(146)	(169)	(169)	(167)	(167)	(250)	(250)	(95)	(95)	(116)	(116)	(140)	(140)	(123)	(123)	(148)	(148)	(137)	(137)
21	NET INCOME THIS PERIOD		9,245	9,245	8,761	8,761	9,064	9,064	10,516	10,516	10,351	10,351	15,509	15,509	5,919	5,919	7,206	7,206	8,694	8,694	7,618	7,618	9,193	9,193	8,478	8,478
	AVAILABLE FOR EXPENSES & PROFIT																									
22	Commission payment equivalent		939	939	890	890	921	921	1,069	1,069	1,052	1,052	1,576	1,576	601	601	732	732	883	883	774	774	934	934	861	861
	INVENTORY PAYABLES RESERVE FUND																									
23	Contributions (net income less amount avail. for expns. & profit)		8,305	8,305	7,871	7,871	8,143	8,143	9,447	9,447	9,299	9,299	13,933	13,933	5,318	5,318	6,474	6,474	7,810	7,810	6,844	6,844	8,259	8,259	7,616	7,616
24	Cummulative fund balance (less reductions to payables)		16,085	15,342	15,596	13,729	13,567	12,407	13,984	13,856	15,012	13,431	17,917	21,118	17,137	8,521	1,062	2,219	4,711	6,047	6,417	5,451	5,899	7,316	8,087	7,444
																	$3281		$10,758		$11,868		$13,214		$15,531	
																	-15,970		-1038		-2416		-1440		+428	

28 '97

√ crisis

LIQUOR AGENCY PRODUCT PURCHASE MODEL STORE # 172 LOCATION Victor Initial Purchase : 6 weeks supply

BEGIN YEAR 2

2/6/'97 crisis

LINE#		
1	Commision rate	10.00%
2	Discount rate (adjusted for discount increase)	1.71%
3	Discount rate (FY94 discounts divided by FY94 gross sales)	1.07%
4	FY94 discounts granted	5,340
5	FY94 gross sales	499,176
6	FY94 units sold	51,259
7	Average retail posted price per unit	$9.74
8	Number of weeks of inventory for initial shelf buffer, 2 wk sale	6
9	Average units sold per week in FY94	986

LINE#		JULY 1ST HALF	JULY 2ND HALF	AUGUST 1ST HALF	AUGUST 2ND HALF	SEPTEMBER 1ST HALF	SEPTEMBER 2ND HALF	OCTOBER 1ST HALF	OCTOBER 2ND HALF	NOVEMBER 1ST HALF	NOVEMBER 2ND HALF	DECEMBER 1ST HALF	DECEMBER 2ND HALF
10	Monthly distribution of annual units sold	9.74%		7.82%		8.72%		8.76%		8.70%		10.92%	
11	Total Sales This Month (units)	4,991		4,009		4,472		4,489		4,458		5,597	
12	Total Sales This Month ($)	$48,604		$39,041		$43,550		$43,715		$43,413		$54,505	
	INVENTORY PURCHASES												
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate												
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	21,456	21,456	17,234	17,234	19,225	19,225	19,298	19,298	19,164	19,164	24,061	24,061
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	21,456	21,456	17,234	17,234	19,225	19,225	19,298	19,298	19,164	19,164	24,061	24,061
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD												
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales		(3,178)		(3,178)		(3,178)		(3,178)		(3,178)		(3,178)
17	Payments on inventory purchased 60 days prior	(17,333)	(18,537)	(18,537)	(21,456)	(21,456)	(17,234)	(17,234)	(19,225)	(19,225)	(19,298)	(19,298)	(19,164)
18	CUMMULATIVE NET INVENTORY PAYABLES	74,421	74,161	72,859	65,459	63,228	62,040	64,104	60,998	60,938	57,627	62,390	64,108
	INCOME												
19	TOTAL SALES THIS PERIOD	24,302	24,302	19,520	19,520	21,775	21,775	21,858	21,858	21,707	21,707	27,253	27,253
20	DISCOUNTS APPLIED THIS PERIOD	(416)	(416)	(334)	(334)	(373)	(373)	(374)	(374)	(372)	(372)	(466)	(466)
21	NET INCOME THIS PERIOD	23,886	23,886	19,186	19,186	21,402	21,402	21,484	21,484	21,335	21,335	26,786	26,786
	AVAILABLE FOR EXPENSES & PROFIT												
22	Commission payment equivalent	2,430	2,430	1,952	1,952	2,177	2,177	2,186	2,186	2,171	2,171	2,725	2,725
	INVENTORY PAYABLES RESERVE FUND												
23	Contributions (net income less amount avail. for expns. & profit)	21,456	21,456	17,234	17,234	19,225	19,225	19,298	19,298	19,164	19,164	24,061	24,061
24	Cummulative fund balance (less reductions to payables)	45,025	44,765	43,463	36,063	33,832	32,644	34,708	31,603	31,542	28,231	32,994	34,712

LINE#		JANUARY 1ST HALF	JANUARY 2ND HALF	FEBRUARY 1ST HALF	FEBRUARY 2ND HALF	MARCH 1ST HALF	MARCH 2ND HALF	APRIL 1ST HALF	APRIL 2ND HALF	MAY 1ST HALF	MAY 2ND HALF	JUNE 1ST HALF	JUNE 2ND HALF
10	Monthly distribution of annual units sold	6.03%		6.91%		7.92%		8.20%		7.87%		8.41%	
11	Total Sales This Month (units)	3,093		3,542		4,062		4,202		4,032		4,312	
12	Total Sales This Month ($)	$30,121		$34,493		$39,557		$40,920		$39,265		$41,992	
	INVENTORY PURCHASES												
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate												
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	13,296	13,296	15,227	15,227	17,462	17,462	18,064	18,064	17,333	17,333	18,537	18,537
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	13,296	13,296	15,227	15,227	17,462	17,462	18,064	18,064	17,333	17,333	18,537	18,537
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD												
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales												
17	Payments on inventory purchased 60 days prior	(19,164)	(24,06	(24,061)	(13,296)	(13,296)	(15,227)	(15,227)	(17,462)	(17,462)	(18,064)	(18,064)	(17,333)
				37,357									
18	CUMMULATIVE NET INVENTORY PAYABLES	58,240	47,476	38,641	40,572	44,737	46,973	49,810	50,412	50,283	49,552	50,025	51,229
	INCOME												
19	TOTAL SALES THIS PERIOD	15,060	15,060	17,247	17,247	19,779	19,779	20,460	20,460	19,632	19,632	20,996	20,996
20	DISCOUNTS APPLIED THIS PERIOD	(258)	(258)	(295)	(295)	(339)	(339)	(350)	(350)	(336)	(336)	(359)	(359)
21	NET INCOME THIS PERIOD	14,803	14,803	16,951	16,951	19,440	19,440	20,110	20,110	19,296	19,296	20,636	20,636
	AVAILABLE FOR EXPENSES & PROFIT												
22	Commission payment equivalent	1,506	1,506	1,725	1,725	1,978	1,978	2,046	2,046	1,963	1,963	2,100	2,100
	INVENTORY PAYABLES RESERVE FUND												
23	Contributions (net income less amount avail. for expns. & profit)	13,296	13,296	15,227	15,227	17,462	17,462	18,064	18,064	17,333	17,333	18,537	18,537
24	Cummulative fund balance (less reductions to payables)	28,844	18,080	9,246	11,176	15,341	17,577	20,414	21,016	20,887	20,156	20,629	21,833
				20,422									

-16935

EXHIBIT 3-D
DATE 3-21-95
HB 574

LIQUOR AGENCY PRODUCT PURCHASE MODEL

STORE # 195 LOCATION Kalispell 195* BEGIN YEAR 2

Initial Purchase : 6 weeks supply

Feb. '97 crisis

LINE#		
1	Commision rate	9.80%
2	Discount rate (adjusted for discount increase)	1.27%
3	Discount rate (FY94 discounts divided by FY94 gross sales)	0.79%
4	FY94 discounts granted	7,145
5	FY94 gross sales	899,594
6	FY94 units sold	82,057
7	Average retail posted price per unit	$10.96
8	Number of weeks of inventory for initial shelf,buffer, 2 wk sale	6
9	Average units sold per week in FY94	1,578

LINE#		JULY 1ST HALF	JULY 2ND HALF	AUGUST 1ST HALF	AUGUST 2ND HALF	SEPTEMBER 1ST HALF	SEPTEMBER 2ND HALF	OCTOBER 1ST HALF	OCTOBER 2ND HALF	NOVEMBER 1ST HALF	NOVEMBER 2ND HALF	DECEMBER 1ST HALF	DECEMBER 2ND HALF
10	Monthly distribution of annual units sold	10.80%		10.20%		8.56%		7.86%		7.65%		12.41%	
11	Total Sales This Month (units)	8,862		8,367		7,026		6,451		6,277		10,184	
12	Total Sales This Month ($)	$97,150		$91,723		$77,023		$70,719		$68,812		*******	
	INVENTORY PURCHASES												
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate												
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	43,197	43,197	40,784	40,784	34,248	34,248	31,445	31,445	30,597	30,597	49,641	49,641
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	43,197	43,197	40,784	40,784	34,248	34,248	31,445	31,445	30,597	30,597	49,641	49,641
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD												
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales		(5,769)		(5,769)		(5,769)		(5,769)		(5,769)		(5,769)
17	Payments on inventory purchased 60 days prior	(31,021)	(34,038)	(34,038)	(43,197)	(43,197)	(40,784)	(40,784)	(34,248)	(34,248)	(31,445)	(31,445)	(30,597)
18	CUMMULATIVE NET INVENTORY PAYABLES	140,118	143,508	150,255	142,073	133,123	120,818	111,478	102,907	99,256	92,639	110,835	124,110
	INCOME												
19	TOTAL SALES THIS PERIOD	48,575	48,575	45,862	45,862	38,511	38,511	35,360	35,360	34,406	34,406	55,821	55,821
20	DISCOUNTS APPLIED THIS PERIOD	(617)	(617)	(583)	(583)	(489)	(489)	(449)	(449)	(437)	(437)	(709)	(709)
21	NET INCOME THIS PERIOD	47,958	47,958	45,279	45,279	38,022	38,022	34,910	34,910	33,969	33,969	55,112	55,112
	AVAILABLE FOR EXPENSES & PROFIT												
22	Commission payment equivalent	4,760	4,760	4,494	4,494	3,774	3,774	3,465	3,465	3,372	3,372	5,470	5,470
	INVENTORY PAYABLES RESERVE FUND												
23	Contributions (net income less amount avail. for expns. & profit)	43,197	43,197	40,784	40,784	34,248	34,248	31,445	31,445	30,597	30,597	49,641	49,641
24	Cummulative fund balance (less reductions to payables)	91,012	94,402	101,149	92,967	84,017	71,712	62,372	53,801	50,150	43,532	61,729	75,004

LINE#		JANUARY 1ST HALF	JANUARY 2ND HALF	FEBRUARY 1ST HALF	FEBRUARY 2ND HALF	MARCH 1ST HALF	MARCH 2ND HALF	APRIL 1ST HALF	APRIL 2ND HALF	MAY 1ST HALF	MAY 2ND HALF	JUNE 1ST HALF	JUNE 2ND HALF
10	Monthly distribution of annual units sold	5.64%		6.43%		7.17%		7.01%		7.76%		8.51%	
11	Total Sales This Month (units)	4,629		5,273		5,887		5,754		6,364		6,983	
12	Total Sales This Month ($)	$50,745		$57,805		$64,536		$63,078		$69,765		$76,551	
	INVENTORY PURCHASES												
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate												
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	22,564	22,564	25,703	25,703	28,696	28,696	28,047	28,047	31,021	31,021	34,038	34,038
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	22,564	22,564	25,703	25,703	28,696	28,696	28,047	28,047	31,021	31,021	34,038	34,038
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD												
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales												
17	Payments on inventory purchased 60 days prior	(30,597)	(49,641)	(49,641)	(22,564)	(22,564)	(25,703)	(25,703)	(28,696)	(28,696)	(28,047)	(28,047)	(31,021)
				72,205									
18	CUMMULATIVE NET INVENTORY PAYABLES	116,077	89,000	65,061	68,201	74,333	77,326	79,670	79,022	81,347	84,320	90,311	93,328
	INCOME												
19	TOTAL SALES THIS PERIOD	25,373	25,373	28,903	28,903	32,268	32,268	31,539	31,539	34,883	34,883	38,276	38,276
20	DISCOUNTS APPLIED THIS PERIOD	(322)	(322)	(367)	(367)	(410)	(410)	(401)	(401)	(443)	(443)	(486)	(486)
21	NET INCOME THIS PERIOD	25,050	25,050	28,535	28,535	31,858	31,858	31,138	31,138	34,439	34,439	37,789	37,789
	AVAILABLE FOR EXPENSES & PROFIT												
22	Commission payment equivalent	2,487	2,487	2,832	2,832	3,162	3,162	3,091	3,091	3,419	3,419	3,751	3,751
	INVENTORY PAYABLES RESERVE FUND												
23	Contributions (net income less amount avail. for expns. & profit)	22,564	22,564	25,703	25,703	28,696	28,696	28,047	28,047	31,021	31,021	34,038	34,038
24	Cummulative fund balance (less reductions to payables)	66,971	39,894	15,955	19,094	25,226	28,219	30,564	29,916	32,241	35,214	41,205	44,222
				35049									
				-37,156									

EXHIBIT 3-D
DATE 3-21-95
HB 574

LIQUOR AGENCY PRODUCT PURCHASE MODEL

STORE # 192 LOCATION Lolo — Initial Purchase : 6 weeks supply

BEGIN YEAR 2

LINE #		
1	Commision rate	10.00%
2	Discount rate (adjusted for discount increase)	3.87%
3	Discount rate (FY94 discounts divided by FY94 gross sales)	2.42%
4	FY94 discounts granted	16,110
5	FY94 gross sales	666,136
6	FY94 units sold	64,289
7	Average retail posted price per unit	$10.36
8	Number of weeks of inventory for initial shelf,buffer, 2 wk sale	6
9	Average units sold per week in FY94	1,236

Feb '97 Crisis

LINE #		JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER	
10	Monthly distribution of annual units sold	8.93%		8.35%		8.11%		9.05%		8.52%		11.48%	
11	Total Sales This Month (units)	5,742		5,367		5,216		5,818		5,477		7,381	
12	Total Sales This Month ($)	$59,470		$55,586		$54,023		$60,257		$56,726		$76,446	
		1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF
	INVENTORY PURCHASES												
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate												
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	25,611	25,611	23,938	23,938	23,265	23,265	25,950	25,950	24,429	24,429	32,921	32,921
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	25,611	25,611	23,938	23,938	23,265	23,265	25,950	25,950	24,429	24,429	32,921	32,921
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD												
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales		(4,136)		(4,136)		(4,136)		(4,136)		(4,136)		(4,136)
17	Payments on inventory purchased 60 days prior	(21,066)	(25,388)	(25,388)	(25,611)	(25,611)	(23,938)	(23,938)	(23,265)	(23,265)	(25,950)	(25,950)	(24,429)
18	CUMMULATIVE NET INVENTORY PAYABLES	97,066	93,153	91,704	85,895	83,549	78,740	80,751	79,301	80,465	74,808	81,780	86,136
	INCOME												
19	TOTAL SALES THIS PERIOD	29,735	29,735	27,793	27,793	27,011	27,011	30,129	30,129	28,363	28,363	38,223	38,223
20	DISCOUNTS APPLIED THIS PERIOD	(1,151)	(1,151)	(1,075)	(1,075)	(1,045)	(1,045)	(1,166)	(1,166)	(1,097)	(1,097)	(1,479)	(1,479)
21	NET INCOME THIS PERIOD	28,585	28,585	26,718	26,718	25,966	25,966	28,963	28,963	27,265	27,265	36,744	36,744
	AVAILABLE FOR EXPENSES & PROFIT												
22	Commission payment equivalent	2,974	2,974	2,779	2,779	2,701	2,701	3,013	3,013	2,836	2,836	3,822	3,822
	INVENTORY PAYABLES RESERVE FUND												
23	Contributions (net income less amount avail. for expns. & profit)	25,611	25,611	23,938	23,933	23,265	23,265	25,950	25,950	24,429	24,429	32,921	32,921
24	Cummulative fund balance (less reductions to payables)	56,504	52,592	51,142	45,334	42,938	38,173	40,190	38,739	39,903	34,247	41,218	45,575

LINE #		JANUARY		FEBRUARY		MARCH		APRIL		MAY		JUNE	
10	Monthly distribution of annual units sold	6.81%		6.98%		7.92%		7.65%		7.35%		8.85%	
11	Total Sales This Month (units)	4,379		4,487		5,090		4,917		4,723		5,692	
12	Total Sales This Month ($)	$45,354		$46,472		$52,718		$50,926		$48,916		$58,952	
		1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF	1ST HALF	2ND HALF
	INVENTORY PURCHASES												
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate												
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	19,532	19,532	20,013	20,013	22,703	22,703	21,931	21,931	21,066	21,066	25,388	25,388
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	19,532	19,532	20,013	20,013	22,703	22,703	21,931	21,931	21,066	21,066	25,388	25,388
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD												
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales												
17	Payments on inventory purchased 60 days prior	(24,429)	(32,921)	(32,921)	(19,532)	(19,532)	(20,013)	(20,013)	(22,703)	(22,703)	(21,931)	(21,931)	(21,066)
				52,453									
18	CUMMULATIVE NET INVENTORY PAYABLES	81,239	67,849	54,941	55,423	58,594	61,283	63,201	62,430	60,793	59,928	63,384	67,706
	INCOME												
19	TOTAL SALES THIS PERIOD	22,677	22,677	23,236	23,236	26,359	26,359	25,463	25,463	24,458	24,458	29,476	29,476
20	DISCOUNTS APPLIED THIS PERIOD	(877)	(877)	(899)	(899)	(1,020)	(1,020)	(985)	(985)	(946)	(946)	(1,141)	(1,141)
21	NET INCOME THIS PERIOD	21,799	21,799	22,337	22,337	25,339	25,339	24,478	24,478	23,512	23,512	28,336	28,336
	AVAILABLE FOR EXPENSES & PROFIT												
22	Commission payment equivalent	2,268	2,268	2,324	2,324	2,636	2,636	2,546	2,546	2,446	2,446	2,948	2,948
	INVENTORY PAYABLES RESERVE FUND												
23	Contributions (net income less amount avail. for expns. & profit)	19,532	19,532	20,013	20,013	22,703	22,703	21,931	21,931	21,066	21,066	25,388	25,388
24	Cummulative fund balance (less reductions to payables)	40,677	27,237	14,379	14,361	18,032	20,722	22,640	21,868	20,231	19,366	22,823	27,145
				29,240									
				-23,213									

LIQUOR AGENCY PRODUCT PURCHASE MODEL

STORE # 50 LOCATION Sidney

BEGIN YEAR 2

Initial Purchase : 6 weeks supply

Jet 197

Versis

LINE#		
1	Commision rate	9.98%
2	Discount rate (adjusted for discount increase)	1.66%
3	Discount rate (FY94 discounts divided by FY94 gross sales)	1.03%
4	FY94 discounts granted	4,467
5	FY94 gross sales	431,674
6	FY94 units sold	42,657
7	Average retail posted price per unit	$10.12
8	Number of weeks of inventory for initial shelf,buffer, 2 wk sale	6
9	Average units sold per week in FY94	820

LINE#		JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
10	Monthly distribution of annual units sold	10.35%	7.17%	7.77%	8.69%	8.97%	13.93%	6.27%	7.20%	7.67%	7.87%	6.80%	7.30%
11	Total Sales This Month (units)	4,417	3,060	3,314	3,705	3,828	5,944	2,675	3,072	3,272	3,357	2,899	3,114
12	Total Sales This Month ($)	$44,698	$30,966	$33,537	$37,493	$38,738	$60,151	$27,070	$31,088	$33,111	$33,972	$29,337	$31,513

LINE#		JULY 1ST HALF	JULY 2ND HALF	AUGUST 1ST HALF	AUGUST 2ND HALF	SEPTEMBER 1ST HALF	SEPTEMBER 2ND HALF	OCTOBER 1ST HALF	OCTOBER 2ND HALF	NOVEMBER 1ST HALF	NOVEMBER 2ND HALF	DECEMBER 1ST HALF	DECEMBER 2ND HALF	JANUARY 1ST HALF	JANUARY 2ND HALF	FEBRUARY 1ST HALF	FEBRUARY 2ND HALF	MARCH 1ST HALF	MARCH 2ND HALF	APRIL 1ST HALF	APRIL 2ND HALF	MAY 1ST HALF	MAY 2ND HALF	JUNE 1ST HALF	JUNE 2ND HALF
	INVENTORY PURCHASES																								
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate																								
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	19,749	19,749	13,682	13,682	14,817	14,817	16,565	16,565	17,115	17,115	26,576	26,576	11,960	11,960	13,735	13,735	14,629	14,629	15,009	15,009	12,962	12,962	13,923	13,923
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	19,749	19,749	13,682	13,682	14,817	14,817	16,565	16,565	17,115	17,115	26,576	26,576	11,960	11,960	13,735	13,735	14,629	14,629	15,009	15,009	12,962	12,962	13,923	13,923
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD																								
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales		(2,751)		(2,751)		(2,751)		(2,751)		(2,751)		(2,751)												
17	Payments on inventory purchased 60 days prior	(12,962)	(13,923)	(13,923)	(19,749)	(19,749)	(13,682)	(13,682)	(14,817)	(14,817)	(16,565)	(16,565)	(17,115)	(17,115)	(26,576)	(26,576)	(11,960)	(11,960)	(13,735)	(13,735)	(14,629)	(14,629)	(15,009)	(15,009)	(12,962)
																38536									
18	CUMMULATIVE NET INVENTORY PAYABLES	61,349	64,424	64,182	55,364	50,433	48,817	51,701	50,699	52,997	50,796	60,807	67,517	62,362	47,746	34,905	36,680	39,349	40,243	41,517	41,897	40,230	38,182	37,095	38,057
	INCOME																								
19	TOTAL SALES THIS PERIOD	22,349	22,349	15,483	15,483	16,768	16,768	18,747	18,747	19,369	19,369	30,076	30,076	13,535	13,535	15,544	15,544	16,556	16,556	16,986	16,986	14,668	14,668	15,756	15,756
20	DISCOUNTS APPLIED THIS PERIOD	(370)	(370)	(256)	(256)	(278)	(278)	(310)	(310)	(321)	(321)	(498)	(498)	(224)	(224)	(257)	(257)	(274)	(274)	(281)	(281)	(243)	(243)	(261)	(261)
21	NET INCOME THIS PERIOD	21,979	21,979	15,227	15,227	16,491	16,491	18,436	18,436	19,048	19,048	29,578	29,578	13,311	13,311	15,286	15,286	16,282	16,282	16,705	16,705	14,426	14,426	15,495	15,495
	AVAILABLE FOR EXPENSES & PROFIT																								
22	Commission payment equivalent	2,230	2,230	1,545	1,545	1,673	1,673	1,871	1,871	1,933	1,933	3,002	3,002	1,351	1,351	1,551	1,551	1,652	1,652	1,695	1,695	1,464	1,464	1,572	1,572
	INVENTORY PAYABLES RESERVE FUND																								
23	Contributions (net income less amount avail. for expns. & profit)	19,749	19,749	13,682	13,682	14,817	14,817	16,565	16,565	17,115	17,115	26,576	26,576	11,960	11,960	13,735	13,735	14,629	14,629	15,009	15,009	12,962	12,962	13,923	13,923
24	[illegible] (less reductions to payables)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	36,543	43,252	38,097	23,481	10,640	12,415	15,085	15,979	17,253	17,633	15,965	13,918	12,831	13,793
																23055									

-15481

EXHIBIT 3-D
DATE 3-21-95
HB 574

LIQUOR AGENCY PRODUCT PURCHASE MODEL

STORE # 4 LOCATION Billings 4" Initial Purchase : 6 weeks supply

BEGIN YEAR 2

Det 197

Chris

NE#		
1	Commision rate	5.88%
2	Discount rate (adjusted for discount increase)	4.29%
3	Discount rate (FY94 discounts divided by FY94 gross sales)	2.68%
4	FY94 discounts granted	72,192
5	FY94 gross sales	2,690,899
6	FY94 units sold	301,269
7	Average retail posted price per unit	$8.93
8	Number of weeks of inventory for initial shelf,buffer, 2 wk sale	6
9	Average units sold per week in FY94	5,794

NE#		JULY 1ST HALF	JULY 2ND HALF	AUGUST 1ST HALF	AUGUST 2ND HALF	SEPTEMBER 1ST HALF	SEPTEMBER 2ND HALF	OCTOBER 1ST HALF	OCTOBER 2ND HALF	NOVEMBER 1ST HALF	NOVEMBER 2ND HALF	DECEMBER 1ST HALF	DECEMBER 2ND HALF
10	Monthly distribution of annual units sold	9.21%		8.72%		7.99%		8.32%		9.04%		11.92%	
11	Total Sales This Month (units)	27,760		26,279		24,078		25,076		27,247		35,917	
12	Total Sales This Month ($)	$247,949		$234,721		$215,062		$223,976		$243,367		$320,806	
	INVENTORY PURCHASES												
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate												
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	111,363	111,363	105,422	105,422	96,592	96,592	100,596	100,596	109,305	109,305	144,086	144,086
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	111,363	111,363	105,422	105,422	96,592	96,592	100,596	100,596	109,305	109,305	144,086	144,086
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD												
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales		(17,431)		(17,431)		(17,431)		(17,431)		(17,431)		(17,431)
17	Payments on inventory purchased 60 days prior	(93,640)	(97,563)	(97,563)	(111,363)	(111,363)	(105,422)	(105,422)	(96,592)	(96,592)	(100,596)	(100,596)	(109,305)
18	CUMMULATIVE NET INVENTORY PAYABLES	393,647	390,015	397,874	374,502	359,731	333,470	328,644	315,216	327,929	319,206	362,697	380,046
	INCOME												
19	TOTAL SALES THIS PERIOD	123,975	123,975	117,360	117,360	107,531	107,531	111,988	111,988	121,683	121,683	160,403	160,403
20	DISCOUNTS APPLIED THIS PERIOD	(5,322)	(5,322)	(5,038)	(5,038)	(4,616)	(4,616)	(4,807)	(4,807)	(5,223)	(5,223)	(6,885)	(6,885)
21	NET INCOME THIS PERIOD	118,653	118,653	112,323	112,323	102,915	102,915	107,181	107,181	116,460	116,460	153,518	153,518
22	AVAILABLE FOR EXPENSES & PROFIT Commission payment equivalent	7,290	7,290	6,901	6,901	6,323	6,323	6,535	6,585	7,155	7,155	9,432	9,432
	INVENTORY PAYABLES RESERVE FUND												
23	Contributions (net income less amount avail. for expns. & profit)	111,363	111,363	105,422	105,422	96,592	96,592	100,596	100,596	109,305	109,305	144,086	144,086
24	Cummulative fund balance (less reductions to payables)	226,106	222,475	230,334	206,961	192,190	165,929	161,103	147,675	160,388	151,666	195,156	212,505

NE#		JANUARY 1ST HALF	JANUARY 2ND HALF	FEBRUARY 1ST HALF	FEBRUARY 2ND HALF	MARCH 1ST HALF	MARCH 2ND HALF	APRIL 1ST HALF	APRIL 2ND HALF	MAY 1ST HALF	MAY 2ND HALF	JUNE 1ST HALF	JUNE 2ND HALF
10	Monthly distribution of annual units sold	6.02%		7.72%		7.79%		7.42%		7.75%		8.07%	
11	Total Sales This Month (units)	18,143		23,258		23,480		22,369		23,342		24,320	
12	Total Sales This Month ($)	$162,051		$207,738		$209,721		$199,797		$208,488		$217,223	
	INVENTORY PURCHASES												
13	INITIAL SHELF STOCK, BACK ROOM BUFFER & 2 WEEKS SALES Equal to # weeks supply @ retail less commission & discount rate												
14	INVENTORY PURCHASED FOR RESALE THIS PERIOD @ Retail less commission & discount rate	72,783	72,783	93,303	93,303	94,193	94,193	89,736	89,736	93,640	93,640	97,563	97,563
15	ADDITIONS TO INVENTORY PAYABLES THIS PERIOD Payment due in 60 days (initial shelf & backroom earlier)	72,783	72,783	93,303	93,303	94,193	94,193	89,736	89,736	93,640	93,640	97,563	97,563
	REDUCTIONS TO INVENTORY PAYABLES THIS PERIOD												
16	Payments on Initial shelf stock, back room buffer & 2 weeks sales												
17	Payments on inventory purchased 60 days prior	(109,305)	(144,086)	(144,086)	(72,783)	(72,783)	(93,303)	(93,303)	(94,193)	(94,193)	(89,736)	(89,736)	(93,640)
				216,869									
18	CUMMULATIVE NET INVENTORY PAYABLES	343,524	272,221	221,438	241,957	263,367	264,258	260,692	256,235	255,681	259,584	267,411	271,335
	INCOME												
19	TOTAL SALES THIS PERIOD	81,026	81,026	103,869	103,869	104,860	104,860	99,899	99,899	104,244	104,244	108,612	108,612
20	DISCOUNTS APPLIED THIS PERIOD	(3,478)	(3,478)	(4,459)	(4,459)	(4,501)	(4,501)	(4,288)	(4,288)	(4,475)	(4,475)	(4,662)	(4,662)
21	NET INCOME THIS PERIOD	77,548	77,548	99,410	99,410	100,359	100,359	95,610	95,610	99,769	99,769	103,950	103,950
22	AVAILABLE FOR EXPENSES & PROFIT Commission payment equivalent	4,764	4,764	6,107	6,107	6,166	6,166	5,874	5,874	6,130	6,130	6,386	6,386
	INVENTORY PAYABLES RESERVE FUND												
23	Contributions (net income less amount avail. for expns. & profit)	72,783	72,783	93,303	93,303	94,193	94,193	89,736	89,736	93,640	93,640	97,563	97,563
24	Cummulative fund balance (less reductions to payables)	175,983	104,680	53,897	74,417	95,327	95,717	93,151	88,694	88,140	92,044	99,370	103,794
				128,314									

-88,555

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 4
DATE 3-21-95
BILL NO. HB 574

NAME SHANE FARNSWORTH

ADDRESS 2024 ALDERSON #5

HOME PHONE 652-7130 WORK PHONE 259-2265

REPRESENTING MYSELF

APPEARING ON WHICH PROPOSAL? HB 574

DO YOU: SUPPORT ______ OPPOSE ______ AMEND X

COMMENTS:

I wish to see HB574 reamended to reflect the initial proposal. The employees should not be penalized by this bill. The 1st right of refusal should be re added. There is a mechanism within this bill that would allow the general population to participate in this bill if no current employees are interested in becoming agents.

WITNESS STATEMENT

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

WITNESS.F11

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 5
DATE 3-21-95
BILL NO. HB 574

NAME Jill Mogen

ADDRESS 516 S 32nd

HOME PHONE 256-9742 WORK PHONE 656-0046

REPRESENTING self

APPEARING ON WHICH PROPOSAL? HB 574

DO YOU: SUPPORT ______ OPPOSE X AMEND X

COMMENTS:

I would support this bill with the following changes:

1) Reinstate the employees right of first refusal
2) Lengthen the time until the effective date ~~until~~ to Jan. 1996 in order to give employees time to prepare for implementation + to ensure a smooth transition.
3) Lower the case sale discount to 5% or raise the agents commission rate to a minimum of 8% or give the agents the same case sale discount that licensees are given.

WITNESS STATEMENT

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

WITNESS.F11

NAME Doug Kirby

ADDRESS 2260 Boulder B/gs

HOME PHONE 656-9024 WORK PHONE 656-0046

REPRESENTING

APPEARING ON WHICH PROPOSAL? 574

DO YOU: SUPPORT ______ OPPOSE ______ AMEND ✓

COMMENTS:

Amend bill to allow current liquor store employees first right of refusal. Most of these employees have been working for the state numerous years and have a lot of experience. Allowing current employees to take over the stores will save unemployment costs.

WITNESS STATEMENT

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

WITNESS.F11

istributed by
Rehbein

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 7
DATE 3-21-95
BILL NO. HB 574

Department of Revenue – Liquor Enterprise Fund
Comparative Report of Sales by Liquor Stores
Fiscal Years Ended June 30, 1994 and June 30, 1993

Store No.	Location	1994	1993
167	Absarokee	$ 169,922	88,915
138	Alberton	75,544	74,489
14	* Anaconda	759,480	719,836
88	Ashland	0	8,166
81	Augusta	48,256	17,736
42	Baker	150,832	135,542
76	Belgrade	387,903	336,443
63	Belt	38,134	29,114
179	Big Fork	555,662	526,247
97	Big Sandy	94,057	97,862
190	Big Sky	374,690	333,589
17	Big Timber	211,593	201,686
3	* Billings	1,773,292	1,884,115
4	* Billings	2,618,707	2,656,823
196	* Billings	1,918,588	1,842,131
56	Boulder	125,489	128,504
9	* Bozeman	1,304,716	1,248,442
193	* Bozeman	1,186,352	1,253,149
91	Bridger	69,836	67,542
40	Broadus	106,317	111,553
189	Browning	0	65,411
2	* Butte	621,000	663,210
116	* Butte	1,412,362	1,436,481
79	Cascade	0	(84)
28	Chinook	250,989	249,318
34	Choteau	115,791	135,980
73	Columbia Falls	376,474	385,942
16	Columbus	157,264	196,933
33	Conrad	222,444	220,553
45	Cut Bank	483,009	485,052
85	Darby	$ 65,603	$
11	Deer Lodge	70,545	253,728
32	Dillon	552,865	520,491
68	Drummond	92,217	76,657
131	Dupuyer	168,199	121,599
113	Dutton	0	2,947
191	East Glacier	0	16,506
83	East Helena	472,499	448,990
41	Ekalaka	0	7,220
60	Ennis	320,768	297,382
69	Eureka	259,513	270,264
67	Evergreen	404,979	426,583
130	Fairfield	85,396	89,694
23	Forsyth	316,422	345,319
31	Fort Benton	144,331	139,544
75	Frenchtown	67,213	66,818
156	Geyser	15,668	17,114
24	* Glasgow	370,395	422,008
21	* Glendive	427,965	438,579
139	* Great Falls	737,342	1,115,677
140	Great Falls	1,828,515	1,208,818
141	* Great Falls	1,614,468	2,096,801
18	Hamilton	800,010	823,618
37	Hardin	245,716	255,312
38	Harlowton	131,797	124,361
26	* Havre	981,812	1,026,145
1	* Helena	2,291,681	2,405,395
61	Hot Springs	62,999	56,431
10	Hysham	30,158	31,002
12	* Kalispell	1,483,059	1,543,112

* Denotes State Employee Operated Stores

Schedule continued on next page

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 8
DATE 3-21-95
BILL NO. SJR 19

SENATE JOINT RESOLUTION 19

POTENTIAL IMPACT WORKSHEET

* State fee for invested capital per billion dollars deposited at one percent equals $10 million.

* Assuming total investment capital of $100 billion, Montana would realize annual revenues of $1 billion.

* For fiscal year 1994, the total collection of all taxes in Montana was less than $600 million.

* Montana could, under this scenario, eliminate all state taxes and have an additional revenue surplus of over $400 million.

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 9
DATE 3-21-95
BILL NO. SJR 19

DEPARTMENT OF REVENUE COLLECTIONS -- 1990-1994 (FISCAL YEARS)*

	1990	1991	1992	1993	1994
Individual Income Tax					
Income Tax Withheld	$199,220,232	$216,183,975	$266,894,688	$247,858,044	$265,035,584
Income Tax All Other	80,422,761	66,776,110	54,643,406	109,128,890	80,607,819
Subtotal	**$279,642,993**	**$282,960,085**	**$321,538,094**	**$356,986,934**	**$345,643,403**
Corporation Tax					
Corporation License Tax	**$80,315,564**	**$74,319,910**	**$57,682,673**	**$85,054,482**	**$68,871,909**
Natural Resource Taxes (State)					
Coal Severance Tax	$67,870,544	$50,457,839	$54,114,111	$35,481,334	$41,187,973
Coal StabilizationTax (Temporary)	0	0	0	2,699,964	12,732
Oil Severance Tax	14,510,149	18,885,901	20,427,115	17,037,621	11,125,518
Natural Gas Severance Tax	1,057,277	1,277,368	1,395,778	1,638,965	1,163,071
Resource Indemnity Trust Tax	5,071,681	3,573,502	4,194,434	3,786,619	2,902,242
Metalliferous Mines License Tax	6,306,356	7,739,030	6,595,467	6,521,076	6,229,683
Oil And Gas Producers' Privilege And License Tax	877,824	978,223	994,384	889,909	578,997
Micaceous Mineral Mines License Tax	4,067	2,456	0	0	0
Subtotal	**$95,697,898**	**$82,914,319**	**$87,721,289**	**$68,055,488**	**$63,200,216**
Other Taxes, Licenses and Services					
Old Fund Liability Tax (Work. Comp.)	$0	$0	$14,067,435	$15,436,795	$41,771,588
Cigarette Tax	11,567,081	11,733,190	12,172,863	12,698,194	12,495,504
Inheritance Tax (Net)	9,049,129	9,339,854	11,338,204	12,869,460	10,885,745
Accommodations Tax	5,488,764	6,237,422	8,762,356	8,029,960	8,348,996
Telephone License Tax	3,760,038	3,899,657	4,983,796	3,865,712	6,835,201
Electrical Energy Producers' License Tax	4,100,543	3,906,194	4,937,510	4,232,200	3,728,365
Nursing Facility Bed Tax	0	0	1,587,432	3,131,331	4,739,833
Public Service Regulation Tax	1,571,594	1,206,887	1,934,214	3,000,673	2,455,541
Tobacco Products Tax	893,111	1,006,909	1,224,587	1,308,951	1,328,908
Emergency Telephone 911 System Fee	1,085,524	1,113,474	1,383,505	1,254,285	1,249,373
Contractor's Gross Receipts Tax (Net)	1,118,458	1,300,905	1,270,364	1,530,528	964,193
Abandoned Property	960,324	905,395	974,013	1,286,062	1,094,511
Consumer Counsel Tax	693,334	751,571	842,961	677,495	353,252
Other	193,051	185,516	207,212	252,951	140,188
Subtotal	**$40,480,951**	**$41,586,974**	**$65,686,452**	**$69,574,597**	**$96,391,198**
Liquor Taxes, Profits and Licenses					
Liquor Profits and Licenses	9,229,431	8,984,081	9,442,258	9,620,369	9,115,412
Liquor, Beer, and Wine Taxes	9,891,131	10,207,148	11,032,923	11,447,341	10,925,118
Subtotal	**$19,120,562**	**$19,191,229**	**$20,475,181**	**$21,067,710**	**$20,040,530**
TOTAL COLLECTIONS	**$515,257,968**	**$500,972,517**	**$553,103,689**	**$600,739,211**	**$594,147,256**

* *Source SBAS Report 635.*

DATE March 21, 1995

SENATE COMMITTEE ON Business and Industry

BILLS BEING HEARD TODAY: House Bill 574 Rep. Rehbein

SJR 19 Senator Sprague

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Check One

Name	Representing	Bill No.	Support	Oppose
Don Judge	MT STATE AFL-CIO	HB 574		X
W. D. Hill	[illegible]	574		[illegible]
Jeff Williams	Self	574		X
Jill Mogen	self	574		X
SHANE FARNSWORTH	Self	574		X
Doug Kirby	Self	574		X
JIM NOBLE	SELF	574		X
Brian Harris	Distilled Spirits Council			
Bob Gilbert	MT Agency Liquor Stores	574	X	
~~Ida Sajor~~	Self	574		✓
~~MARK BLINN~~	~~SELF~~	~~574~~		~~X~~ ✓
Tim DALIN	MMALSA	574	X	
JOHN CADBY	MT BANKERS ASSN	SJR 19	X	
BEA LUNDA	SHELBY ST. #29	574		X

VISITOR REGISTER

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DATE March 21, 1995

SENATE COMMITTEE ON Business & Industry

BILLS BEING HEARD TODAY: HB 574 Rep. Kehblein
SJR 19 Senator Sprague

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Check One

Name	Representing	Bill No.	Support	Oppose
Mary Ann Fauque	Cut Bank Liquor Store #45	574	[illegible]	✓
MARK STAPLES	MONTANA TAVERN ASSOC	574	✓	
MIKE GRUNOW	MALSA	574	✓	
Michael Lemm	Liquor Rep	574		
ED REISER	Liquor STORE #9	574	if amended first right of refusal	
Pam Miller	U.F.C.W.	574	If amended for 1st right of refusal	
Mick Robinson	DOR	574	✓	
Gary [illegible]	F&G [illegible]	574		✓
Tom Hopgood	Mt. Indep. Bankers Assoc.	SJ 19	✓	

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