

## MINUTES

### MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON TAXATION

**Call to Order:** By CHAIRMAN GERRY DEVLIN, on March 22, 1995, at 8:00 a.m.

#### ROLL CALL

**Members Present:**

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

**Members Excused:** None

**Members Absent:** None

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

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

**Committee Business Summary:**

Hearing: None  
Executive Action: SB 39, SB 260, SB 413, SB 417

#### EXECUTIVE ACTION ON SB 417

**Discussion:** CHAIRMAN DEVLIN announced there is a difference in cost and the effective date in SB 413 and SB 417.

SEN. DOROTHY ECK stated limits need to be considered. She said perhaps more tax relief could be granted but limit the amount to make it easier for new companies to move into Montana.

**Motion:** SEN. JOHN HARP MOVED DO PASS ON SB 417.

**Discussion:** SEN. HARP said SB 417 is the most realistic approach between SB 413 and SB 417 as far as reducing personal property taxes and this is achieved over a period of time in order for local governments to respond to the changes in the property tax rates.

Mr. Martin presented technical amendments from the Department of Revenue (sb041701.ajm).

**Motion/Vote:** SEN. FOSTER MOVED THE AMENDMENTS PRESENTED BY THE DOR. MOTION CARRIED UNANIMOUSLY.

**Discussion:** SEN. GAGE commented he wanted to discuss further necessary amendments. He stated bonding needs to be reviewed. He suggested adjusting taxable valuations for county classifications. SEN. VAN VALKENBURG asked Mr. Robinson to respond. Mr. Robinson said the reimbursement that flows back to the counties is included as part of the computation of the tax base for determining county classification. CHAIRMAN DEVLIN asked SEN. GAGE if Mr. Robinson's response covered his concerns. SEN. GAGE stated the 6% is the taxable value, however, it won't cover this situation. SEN. HARP commented the total taxable valuation in Montana is \$1.7 billion. He remarked the dollar amount to be reduced is very small. He stated local governments didn't talk about indebtedness concerns or risking bonds. SEN. HARP said looking at the overall effect there are counties who lose some revenue with this bill.

SEN. STANG asked SEN. HARP if there is any reimbursement mechanism for school districts. SEN. HARP stated "No". SEN. STANG commented the legislature is dumping everything back on the homeowner and property taxpayer. He said the legislature in the last four years has not lived up to the mandate to fund schools.

SEN. GAGE suggested a joint committee be considered to review the whole tax issue.

SEN. STANG stated he wants to support the bill but he has concerns. He said if there was some kind of guarantee from this legislature that the state share would be increased to make up for the local loss of revenue he could probably support this.

SEN. HARP affirmed there is a law firm in Montana that reads every bill that comes through the tax committee and they send out a FAX alert anytime we start to tinker with indebtedness. He said there is one attorney in Missoula that would give us a red alert if we were going to effect indebtedness, and he commented the attorney hasn't alerted anyone in regard to this bill.

SEN. VAN VALKENBURG remarked he tried to make the point during the hearing there really isn't a sufficient connection between the amount of taxes a business has to pay on personal property taxes and the willingness of the business to locate where those taxes are paid or to expand its business. He said there are very high taxes in Missoula County, Flathead County and Gallatin County but those are three places where there is a tremendous concentration of personal property. SEN. VAN VALKENBURG further commented there are several counties with very low taxes and yet there is not a concentration of business equipment or personal property in those counties. He said there ought to be some

empirical evidence in Montana available to demonstrate what happens when the business equipment or personal property tax rate is lowered. He said the rate was 12% and it came down to 9%. He acknowledged there should be some clear empirical evidence showing what happens when that reduction occurred. **SEN. VAN VALKENBURG** announced as far as he knows no one has demonstrated any of that empirical evidence. He stated there are several reasons businesses do what they do and taxes are simply one of those reasons. He insisted the infrastructure of local government and schools need to be preserved. He stated this bill puts the infrastructure in jeopardy with the passage of this bill.

Motion/Vote: **SEN. HARP** MOVED SB 417 DO PASS AS AMENDED. MOTION CARRIED 5 - 4 on a roll call vote.

EXECUTIVE ACTION ON SB 413

Motion: **SEN. GAGE** MOVED SB 413 BE TABLED.

Vote: MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 39

Motion: **SEN. STANG** MOVED DO PASS ON SB 39.

Discussion: Mr. Martin presented an amendment for SB 39 (sb003901.ajm).

Motion/Vote: **SEN. HARP** MOVED THE AMENDMENT. MOTION CARRIED 5 - 4 on a roll call vote.

Motion/Vote: **SEN. STANG** MOVED DO PASS AS AMENDED. MOTION CARRIED 6 - 3 WITH **SEN. DEVLIN**, **SEN. GROSFIELD** AND **SEN. VAN VALKENBURG** VOTING IN OPPOSITION TO THE MOTION.

EXECUTIVE ACTION ON SB 260

Motion/Vote: **SEN. VAN VALKENBURG** MOVED AMENDMENTS TO SB 260 (sb026001.ajm). MOTION CARRIED UNANIMOUSLY.

Motion: **SEN. VAN VALKENBURG** MOVED SB 260 DO PASS AS AMENDED.

Discussion: **SEN. GAGE** discussed a change of 1% payout on the machines in order for the money to go into the program.

**SEN. VAN VALKENBURG** commented cutting the payout down to 91% will only increase income to the owners of the machine. He said the only way to put money into this program is to increase the tax that the machine owners pay. **SEN. VAN VALKENBURG** said the payout will have to be cut by more than 1% to accomplish what **SEN. GAGE** proposes.

**SEN. ECK** stated this type of amendment will greatly complicate the issue. She said a percentage of the revenue that comes into the state goes to this fund.


**CHAIRMAN DEVLIN** said this bill is premature because the Gaming Advisory Council has commissioned a study in the upcoming biennium.

**SEN. ECK** stated this isn't premature. She said when the bill passed allowing the machines to operate (6 or 8 years ago) one of the conditions in the bill was the development of a program for compulsive gamblers. **SEN. ECK** commented with the way the bill is written, the fund will start to accumulate and when the legislature meets next there will be an appropriation available for a program. She remarked by the time the funding is in place the study will be completed and can report what kind of program is needed and how it will be established.

**Vote:** MOTION CARRIED 6 - 3 on a roll call vote.

**ADJOURNMENT**

**Adjournment:** 9:06 a.m.

  
GERRY DEVLIN, Chairman

  
RENEE J. PODELL, Secretary

GD/rp

MONTANA SENATE  
1995 LEGISLATURE  
TAXATION COMMITTEE

ROLL CALL

DATE \_\_\_\_\_

March 22, 1995

[illegible]

SEN:1995

wp.rollcall.man

CS-09

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 22, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 39 (first reading copy -- white), respectfully report that SB 39 be amended as follows and as so amended do pass.

Signed:   
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 10.

Following: "DATE"


Insert: "AND A CONTINGENT VOIDNESS PROVISION"


2. Page 3, following line 7.

Insert: "NEW SECTION. Section 4. Contingent voidness. In order to maintain a balanced budget, because [this act] reduces revenue, it may not be transmitted to the governor unless a corresponding identified reduction in spending is contained in House Bill No. 2. If a corresponding identified reduction in spending is not contained in House Bill No. 2, [this act] is void."

Renumber: the subsequent section

-END-

 Amd. Coord.

 Sec. of Senate

661026SC.SPV

SENATE STANDING COMMITTEE REPORT

Page 1 of 4  
March 22, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 260 (second reading copy -- yellow), respectfully report that SB 260 be amended as follows and as so amended do pass.

Signed:   
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 7.

Following: "INTEREST"

Insert: "AND A PORTION OF THE PRINCIPAL"

2. Page 1, line 11.

Following: line 10

Insert: "

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 6] grants the department of corrections and human services authority to adopt rules for the implementation and administration of [sections 3 through 6]. The legislature intends that the department establish procedures for providing services to pathological gamblers in an effective and efficient manner. The legislature also intends that the department establish procedures for contracting with community-based organizations or with private organizations for the delivery of services."

3. Page 1, line 14.

Following: "result from"

Insert: "pathological"

Following: "caused by"

Insert: "pathological"

4. Page 1, line 18.

Following: "resulting from"

Insert: "pathological"

5. Page 1, line 19.

Following: "effects of"

Insert: "pathological"


6. Page 1, line 21.


Following: "consequences of"

Insert: "pathological"

7. Page 1, line 23.

Following: the first "fund"

 Amd. Coord.

 Sec. of Senate

661029SC.SPV

Insert: "account"  
Following: the first "fund."  
Insert: "(1)"  
Following: the second "fund"  
Insert: "account in the state special revenue fund"

8. Page 1, lines 24 through 27.

Strike: the first "The" on line 24 through "trust." on line 27.

Insert: "(2) The gaming indemnity trust fund account is composed of the money allocated to the account as provided in 23-4-304, 23-5-324, 23-5-409, 23-5-502, 23-5-610, and 23-7-402.

(3) All interest earned on the principal of the gaming indemnity trust fund account must be allocated to the department of corrections and human services for the purposes described in [sections 3 through 6].

(4) The legislature may appropriate for each year of the biennium up to \$200,000 of the principal amount in the gaming indemnity trust fund account, less the amount of interest allocated from the account under subsection (3), to the department for the purposes described in [sections 3 through 6].

(5) The principal of the gaming indemnity trust fund account in excess of \$20 million must be used for the purposes described in [sections 3 through 6]."

9. Page 1, line 29 through page 2, line 7.

Strike: section 3 in its entirety

Insert: "NEW SECTION. **Section 3. Definitions.** As used in [sections 3 through 6], unless the context requires otherwise, the following definitions apply:

(1) "Certified problem gambling counselor" means a person certified as a gambling counselor by the national council on problem gambling.

(2) "Gaming advisory council" means the gaming advisory council created by 2-15-2021.

(3) "Pathological gambling" means an impulse control disorder that meets the diagnostic criteria set forth in the Diagnostic and Statistical Manual, version 4, of the American psychiatric association.

(4) "Problem gambling" means the patterns of gambling-related behavior that compromise, disrupt, or damage personal, family, and vocational pursuits. The term includes pathological gambling and excessive gambling.

NEW SECTION. **Section 4. Design and implementation of pathological gambling treatment program.** (1) The department shall, in consultation and coordination with the gaming advisory council, design and develop a pathological gambling treatment program. In designing and developing the program, the department



shall:

(a) assess the state's resources for addressing the social consequences of pathological or problem gambling;

(b) develop a statewide plan to address pathological and problem gambling; and

(c) develop priorities for funding treatment services and develop criteria for distributing program funds.

(2) The department shall implement and administer a pathological gambling treatment program. In implementing and administering the program, the department shall:

(a) make services available as provided for in [section 5];

(b) monitor the expenditure of program funds by public agencies and private organizations; and

(c) evaluate the efficacy of treatment services provided through the program.

**NEW SECTION. Section 5. Pathological gambling treatment program services.** (1) The department shall make available to pathological gamblers and their immediate families a range of treatment services, including outpatient services, intensive outpatient services, aftercare services, and, on the recommendation of an independent certified problem gambling counselor, inpatient services to those persons requiring specialized care.

(2) In addition to the services required by subsection (1), the department shall:

(a) provide problem gambling prevention and educational services to the general public; and

(b) provide a toll-free telephone service for crisis intervention and referral of pathological gamblers to certified problem gambling counselors.

(3) The department shall contract with:

(a) certified problem gambling counselors to provide the services described in subsection (1); and

(b) public or community-based agencies or private organizations to provide the services described in subsection (2).

**NEW SECTION. Section 6. Rules.** The department shall adopt rules necessary to administer the provisions of [sections 3 through 6]."

Renumber: subsequent sections

10. Page 3, lines 9 and 18.

Following: "fund"

Insert: "account"

11. Page 4, lines 6 and 30.

Following: "fund"

Insert: "account"

12. Page 5, line 21 and page 6, line 24.

Following: "fund"

Insert: "account"

13. Page 6, line 29.

Strike: "SECTION"

Insert: "Sections"

Following: "3"

Insert: "through 6"

Strike: "IS"

Insert: "are"

14. Page 6, line 30.

Following: the first and second "1,"

Strike: "PART 2,"

Strike: "SECTION"

Insert: "sections"

Following: "3"

Insert: "through 6"

-END-


SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 22, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 417 (first reading copy -- white), respectfully report that SB 417 do pass.

Signed:   
Senator Gerry Devlin, Chair

  
Amd. Coord.  
Sec. of Senate

661021SC.SPV

Amendments to Senate Bill No. 260  
Second Reading Copy

Requested by Senator Pipinich  
For the Committee on Taxation

Prepared by Jeff Martin  
March 8, 1995

1. Title, line 7.

Following: "INTEREST"

Insert: "AND A PORTION OF THE PRINCIPAL"

2. Page 1, line 11.

Following: line 10

Insert: " STATEMENT OF INTENT

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Following: the first "fund"

Insert: "account"

Following: the first "fund."

Insert: "(1)"

Following: the second "fund"

Insert: "account in the state special revenue fund"

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of the money allocated to the account as provided in 23-4-304, 23-5-324, 23-5-409, 23-5-502, 23-5-610, and 23-7-402.

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Strike: "SECTION"

Insert: "Sections"

Following: "3"

Insert: "through 6"

Strike: "IS"

Insert: "are"

14. Page 6, line 30.

Following: the first and second "1,"

Strike: "PART 2,"

Strike: "SECTION"

Insert: "sections"

Following: "3"

Insert: "through 6"

Amendments to Senate Bill No. 417  
First Reading Copy

Requested by Senator Devlin  
For the Committee on Taxation

Prepared by Jeff Martin  
March 20, 1995

1. Page 3, lines 12 and 23, and page 4, line 4.

Following: "value"

Insert: "of property described in 15-6-138"

2. Page 6, line 11.

Strike: "entities"

Insert: "funds"

Strike: "districts"

Insert: "local government taxing jurisdictions"

3. Page 6, line 12.

Strike: "personal"

Following: "property"

Insert: "described in 15-6-138"

Strike: "in the same year."

Insert: ". The reimbursement in June must be distributed based on  
the prior year's mill levy, and the reimbursement in  
December must be based on the current year's mill levy."

Amendments to Senate Bill No. 39  
First Reading Copy

Requested by Senator Devlin  
For the Committee on Taxation

Prepared by Jeff Martin  
January 29, 1995

1. Title, line 10.

Following: "DATE"

Insert: "AND A CONTINGENT VOIDNESS PROVISION"

2. Page 3, following line 7.

Insert: "NEW SECTION. **Section 4. Contingent voidness.** In order to maintain a balanced budget, because [this act] reduces revenue, it may not be transmitted to the governor unless a corresponding identified reduction in spending is contained in House Bill No. 2. If a corresponding identified reduction in spending is not contained in House Bill No. 2, [this act] is void."

Renumber: the subsequent section



MONTANA SENATE  
1995 LEGISLATURE  
TAXATION COMMITTEE  
ROLL CALL VOTE

DATE March 22, 1995 BILL NO. SB 39 NUMBER 1

MOTION: Amendment

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN	✓	
MACK COLE		✓
DOROTHY ECK		✓
DELWYN GAGE	✓	
LORENTS GROSFIELD	✓	
JOHN HARP	✓	
BARRY "SPOOK" STANG		✓
FRED VAN VALKENBURG		✓
MIKE FOSTER, VICE CHAIRMAN	✓	
	5	4

MONTANA SENATE  
1995 LEGISLATURE  
TAXATION COMMITTEE  
ROLL CALL VOTE

DATE March 22, 1995 BILL NO. SB 39 NUMBER 1

MOTION: D P A A

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN		✓
MACK COLE	✓	
DOROTHY ECK	✓	
DELWYN GAGE	✓	
LORENTS GROSFIELD		✓
JOHN HARP	✓	
BARRY "SPOOK" STANG	✓	
FRED VAN VALKENBURG		✓
MIKE FOSTER, VICE CHAIRMAN	✓	
	6	3

MONTANA SENATE  
1995 LEGISLATURE  
TAXATION COMMITTEE  
ROLL CALL VOTE

DATE March 22, 1995 BILL NO. SB 417 NUMBER 1

MOTION: D.P.A.A.

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN	✓	
MACK COLE	✓	
DOROTHY ECK		✓
DELWYN GAGE		✓
LORENTS GROSFIELD	✓	
JOHN HARP	✓	
BARRY "SPOOK" STANG		✓
FRED VAN VALKENBURG		✓
MIKE FOSTER, VICE CHAIRMAN	✓	
	5	4

MONTANA SENATE  
1995 LEGISLATURE  
TAXATION COMMITTEE  
ROLL CALL VOTE

DATE March 22, 1995 BILL NO. SB 260 NUMBER \_\_\_\_\_

MOTION: D.P.A.A.

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN		✓
MACK COLE	✓	
DOROTHY ECK	✓	
DELWYN GAGE	✓	
LORENTS GROSFIELD		✓
JOHN HARP	✓	
BARRY "SPOOK" STANG	✓	
FRED VAN VALKENBURG	✓	
MIKE FOSTER, VICE CHAIRMAN		✓
	6	3