

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN CHASE HIBBARD, on March 23, 1995, at 7:30 A.M.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Marian W. Hanson, Vice Chairman (Majority) (R)
Rep. Robert R. "Bob" Ream, Vice Chairman (Minority) (D)
Rep. Peggy Arnott (R)
Rep. Jim Elliott (D)
Rep. Daniel C. Fuchs (R)
Rep. Hal Harper (D)
Rep. Rick Jore (R)
Rep. Judy Murdock (R)
Rep. Thomas E. Nelson (R)
Rep. Scott J. Orr (R)
Rep. Bob Raney (D)
Rep. John "Sam" Rose (R)
Rep. William M. "Bill" Ryan (D)
Rep. Roger Somerville (R)
Rep. Robert R. Story, Jr. (R)
Rep. Emily Swanson (D)
Rep. Jack Wells (R)
Rep. Kenneth Wennemar (D)

Members Excused:

Rep. John C. Bohlinger (R)

Members Absent: None.

Staff Present: Lee Heiman, Legislative Council
Donna Grace, Committee Secretary

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

Committee Business Summary:

Hearing: SB 409
HB 606

Executive Action: HB 591 - Do Pass as Amended
HB 589 - Do Pass
HJR 28 - Do Pass as Amended
HB 606 - Tabled
HB 32 - Remove from Table - Failed

{Tape: 1; Side: A.}

EXECUTIVE ACTION ON HB 591

Motion:

REP. ELLIOTT MOVED HB 591 DO PASS.

Discussion:

REP. ELLIOTT said the bill was a worthy one, but it would earmark funds which he opposes. Therefore, he proposed an amendment to the bill which would strike the fee on license plates and appropriate money from the general fund. EXHIBIT 1.

Motion/Vote:

REP. ELLIOTT MOVED THE AMENDMENT.

Discussion:

REP. ORR said the amendment was a good one and the general fund would provide proper funding.

REP. SOMERVILLE, REP. WENNEMAR and REP. FUCHS all spoke in favor of the amendment.

Vote:

On a voice vote, the motion passed unanimously.

Motion:

REP. ELLIOTT MOVED THAT HB 591 AS AMENDED DO PASS.

Discussion:

REP. ORR said he reluctantly opposed the bill because the hospital in his district would not be able to meet the requirements to set up committees with certain qualifications because they are not available in rural hospitals. There are good parts to the bill as far as education is concerned.

REP. STORY said his concerns with the bill were the same as Rep. Orr's. It would be good to have goals but some of the hospitals in rural areas would not be able to meet the rules and regulations. It would be difficult to find people to staff the volunteer services because of the time involved in training in order to meet the standards. There is also an equipment problem. He said he also had a problem with the confidentiality aspect of the bill.

REP. RYAN said he would speak highly in favor of the bill. He said the volunteers from rural Montana came to the hearing asking for training, organization, and regulation. This would improve the system throughout the state.

REP. NELSON said he thought the system could be put together outside of a governmental structure.

REP. RYAN said the bill would allow them that freedom but they need help and guidance in putting together an organization statewide.

REP. STORY said he thought they had that organization -- the Montana Emergency Medical Services.

REP. ROSE said he wondered if the bill would put pressure on the smaller hospitals to meet stricter requirements, or add administrative levels for trauma care.

REP. RANEY commented that bill would provide for a new program and the cost would be \$2 million per biennium.

REP. REAM said he had discussed the bill with the proponents after the meeting and they had indicated they would like to have the bill passed even if there were no appropriation in it. The bill has real value for formalizing the structure of the program. There would be a committee appointed by the Governor which would lend credibility. One of the main portions of the bill is the strategic plan for trauma care.

REP. MURDOCK said she would concur with Rep. Ryan's comments.

Vote:

On a roll call vote, the motion passed, 11 - 8.

EXECUTIVE ACTION ON HB 589

Motion:

REP. STORY MOVED THAT HB 589 DO NOT PASS.

Discussion:

REP. HARPER explained that the Elks organization pays \$16,000 a year rent to the federal government and the government pays a fee in lieu of taxes from that amount to local governments. In effect, if this bill is not passed, the Elks Club will have another tax that other people don't pay.

REP. WELLS said he understood that at one time they did not have to pay the tax and, as a result of some law changes, they were

put into a different category. He said he thought the solution to their problem was to find another building.

REP. ORR asked if this came about because of the tax imposed on the BPA powerline. CHAIRMAN HIBBARD said that during the last session the beneficial use tax, which was imposed on government land that was used for commercial purposes, was enacted. The largest payer of that tax is the BPA on right-of-way throughout the state.

REP. ORR said some exemptions were provided in the law and the exemption suggested in the bill should be included. He said he was in favor of the bill.

Substitute Motion:

REP. HARPER MOVED THAT HB 589 DO PASS.

Discussion:

REP. HARPER said the organization was an innocent victim of past legislation and they are being subjected to double taxation. He asked for the Committee's support.

{Tape: 1; Side: B.}

Vote:

On a roll call vote, the motion passed 13 - 6.

HEARING ON SB 409

Opening Statement by Sponsor:

SEN. DON HARGROVE, Senate District 16, Gallatin County, said SB 409 would provide a small tax break for small non-public schools on bus diesel fuel tax under certain controlled circumstances. All busses are exempt from federal taxes on diesel fuel and Montana offers an exemption for off road use or for public entities such as cities, counties, school districts and state and federal entities. Under SB 409, some non-public schools would be included. The schools must own their own diesel busses and meet all Office of Public Instruction standards and be fully accredited in the State of Montana. He said there were no opponents to the bill at the hearing held in the Senate. He said this might be an incentive for non-public schools to meet accreditation standards. He said the question of constitutionality had come up so the bill was drafted to apply to red fuel only.

Proponents' Testimony:

Gary Duenster, Administrator, Manhattan Christian Schools, said he had asked Sen. Hargrove to consider this bill because the school is exempt from the federal tax. He said his school is in a unique situation because they are in School District 75, a K-6 district, and they provide bus services for that district. In fairness to the non-public schools, he said he thought they should be exempt from the state's diesel fuel tax. He said a number of Catholic schools would also benefit from the bill.

Sharon Hoff, Montana Catholic Conference, rose in support of the legislation.

Opponents' Testimony:

There were no opponents to this bill.

Questions From Committee Members and Responses:

REP. STORY asked why the Senate had amended the bill. **SEN. HARGROVE** said it was amended to avoid any possible constitutional involvement. **REP. STORY** asked how the schools would separate the non-sectarian use of the fuel. **SEN. HARGROVE** said the schools would keep a mileage log.

REP. REAM asked what the status was for private school bus companies. **Bill Salisbury, Montana Department of Transportation,** replied that the non-public schools fall into two categories -- privately owned busses that only contract with schools are allowed to use the red fuel and those that do multiple types of activities are not eligible to use it. **REP. REAM** asked if the busses were used for sectarian as well as non-sectarian uses, whether the two fuels could be mixed. **Mr. Salisbury** said they cannot be mixed. The system works the same as when people apply for the off-road refund. They keep mileage records and calculate how much fuel is used for each purpose and that is subtracted from the amount of the refund.

REP. HARPER commented on the constitutionality issue and said he thought the bill would provide for an indirect appropriation.

SEN. HARGROVE said that could be a determination. After consulting with the Legislative Council, he was assured that allowing the use of the red fuel would be appropriate. He said this is the only instance where there is a problem. All busses, even Greyhound, receive the tax break on regular gasoline.

Closing by Sponsor:

SEN. HARGROVE said the bill would provide a level playing field and it would be appropriate for the Committee to pass the bill. He stressed that it would be an incentive for non-public schools to become accredited. The way the bill is worded, there should not be a constitutionality question.

HEARING ON HB 606Opening Statement by Sponsor:

REP. ROGER SOMERVILLE, House District 78, Kalispell, Sub-Committee Chairman, said HB 606 was a Committee bill, drafted by a sub-committee, which was the result of discussions on local option luxury taxes for resort communities. The intent of the bill was to help communities cover infrastructure costs and, most importantly, provide local property tax relief. All taxes paid in Montana should be equally divided among all those who live in and use Montana. At the local level, visitors use the infrastructure without contributing anything toward maintenance. The cities and counties should be given the opportunity to vote on the luxury tax.

{Tape: 2; Side: A.}

REP. SOMERVILLE reviewed the major aspects of the bill. He introduced a document from the League of Cities and Towns which provides an estimate of the amount of revenue that could be expected from a luxury sales tax. EXHIBIT 2.

REP. SWANSON, Sub-Committee Member, said that many of those who had worked on the state-wide sales tax and believe that the tax is needed, have come to the reluctant conclusion that it would probably not happen. The cities should be given the opportunity to impose a tax on themselves. It is not appropriate for the Legislature to keep that control over local governments.

REP. FUCHS, Sub-Committee Member, said the bill was a matter of local control. There is a tourist industry in Montana that brought in \$1.1 billion and the industry should be taxed. Individual communities will continue to come to the Legislature requesting this option and it should be granted to all local governments so that the local people can decide if they want the tax. He asked the Committee to support the bill.

Proponents' Testimony:

Alec Hanson, Montana League of Cities and Towns, thanked the Committee for introducing the bill which he enthusiastically endorsed. The bill provides real tax relief for the taxpayers and leaves the decision with the local people. The voters will take advantage of this bill because it is permanent and it is fair. The people who will be paying the tax are those who will be using the services that are currently being subsidized by property taxpayers. He said the opponents would say this was a selective sales tax and he would agree. There are seven million tourists who come through Montana annually and they put a lot of pressure on local services and they don't pay anything to fund those services. This bill would solve the problem. The

opponents would say this is the "back door" that would lead to a general sales tax. He said it might even be said that this would preempt any future consideration of a state-wide sales tax. It would be a tax increase for the people who travel through Montana and tax relief for those who live, work and pay taxes in Montana.

Gordon Morris, Montana Association of Counties, commended the Committee for bringing HB 606 forward. MACO has been a long-time proponent of local option authority. He said the bill is excellent and he would not recommend any changes. He pointed out that the bill would give the local governments in Montana the same option that is available to local governments in 44 other states. He provided Committee members with a copy of the "Declaration of Policy" which appears in the Montana Code and bears directly on the debate that will stem from the Committee's consideration of this legislation. EXHIBIT 3.

Kevin Justis, City of Billings, enthusiastically supported the bill. He said it is a wonderful option for the taxpayers.

Larry Fasbender, City of Great Falls, rose in support of the legislation. He said there are no other options for local governments.

Chris Imhoff, Montana League of Women Voters, submitted written testimony in support of the bill. EXHIBIT 4.

Mona Jamison, City of Whitefish, thanked the Committee for their positive vote on the "Whitefish Bill." The bill shows that the Legislature can respond to the needs of the people. The beauty of the bill is that it is democracy at work, taxation with representation, and local determination. If the people of the community don't want the tax, they won't vote for it. It is the only form of taxation that has demonstrated support. She noted that while the general sales tax has been voted down by large margins, the same people have voted for local option taxes. The bill speaks to the process in a very positive way. She explained that the general sales tax would have been deposited in the state's general fund to fund government. This bill says the funds collected will go back to the community where the taxes were collected. She asked the Committee to give the people a chance because the bill will do everything the people want a tax to do.

Ron Mason, Finance Director, City of Missoula, said he was appearing on behalf of the Missoula City Council who wholeheartedly support HB 606 because it gives local voters control. He urged the Committee to vote in favor of the bill.

Opponents' Testimony:

Mark Staples, Montana Tavern Association, said, "Since when does a night out for dinner, drinks and a movie become a luxury?" Listening to the floor debate on the Whitefish bill led him to

the conclusion that this proposal would result in taxation by default. The proponents of several differing vehicles for tax reform are frustrated because their ideas were not adopted and, out of exasperation, frustration or default, turned to this legislation. Central to the debate is that it is still a sales tax. Caught in the middle is the hospitality industry because the bill will tax meals, drinks and lodging and certain other luxury items such as movies, plays and sporting equipment. **Mr. Staples** stated that tourists are not the only ones using these services and products. The tavern industry already contributes 15-20%, through gambling, to every municipality in the state, to which is added real property taxes, personal property tax, liquor tax, income tax and fees, the accommodations tax on lodging which brought the tourists and sustained the economy when all other industries were failing. This sector should not bear the brunt of property tax relief. Voters will take advantage of this. They voted down the sales tax because it was broad. In the right community they will run to impose this tax on a small number of businesses that provide hospitality services. He asked the Committee if they did not believe that the people of Montana knew what they were doing in the last election. He said that if the legislature were to go ahead with this, the tax should be made broad based. The luxury tax is not only selective, but subjective and unfair. He said the hospitality people were not the only people against the bill, they were just the only people who came to the hearing.

Clyde Jarvis, retired Public Service Commissioner, and Chairman of the Montanans Opposing Sales Tax, said he was opposed to sales taxes. The Governor and the Lieutenant Governor promoted a sales tax and it was voted down in the last election. He asked the Committee what made them think they knew more than the Governor. By opening up the door for a selective tax, feuds will develop between communities. If one community decides to impose the tax, people will go out of town to another community that doesn't have the tax. It might be called a luxury tax but it's really just a sales tax. It will split communities right down the middle. He sincerely urged the Committee to give the bill a do not pass.

{Tape: 2; Side: B.}

Kevin Detienne, Park Plaza Hotel, Helena, testified that this is not a wide-based tax because it will select certain businesses that already are taxed through the bed tax and liquor tax. He said he would oppose the bill because it is too selective and would be raising money from the local businesses that use their facility. A lot of the bed tax comes from businesses that bring seminars and meetings to a hotel and it's not just the tourists who would pay the tax.

Ryan Harris, Regional Director, Distilled Spirits Council of the United States, said this organization is a trade association that represents the manufacturers and suppliers of liquor in the United States. He said there had been several comments on

Closing Statement by Sponsor:

REP. SOMERVILLE said he appreciated the comments. The taxing system in Montana should be equally divided among all who use and live in Montana and HB 606 would be a step in the right direction to get those who use the state to help pay for some of the costs. The bill is an option and people will have the opportunity to vote on it.

{Tape: 3; Side: A.}

EXECUTIVE ACTION ON HJR 28Motion:

REP. SWANSON MOVED THAT HJR 28 DO PASS.

Discussion:

REP. SWANSON said she had discussed the bill with Tom Nelson, Chairman of the Legislative Finance Committee, and he had informed her that they were "booked" and, if the bill is assigned to that Committee, it would be reasonable to refer the study to a sub-committee and have them do the work and report to the larger committee. If that is done, an extra appropriation should be placed in the bill to cover costs.

REP. STORY said he was opposed to putting an appropriation on the bill. He said a lot of the work had already been done and the rest of the process should not be that extensive.

REP. NELSON said that if the resolution is approved by the legislature and assigned to the Finance Committee, there would be an appropriation for the study. REP. NELSON explained how the process for conducting studies approved by a resolution worked.

REP. SWANSON said she was not interested in doing a study, resulting in a report that just gets "stuck on a shelf." She said that was not the intent of the resolution. She said she wanted to see a more acceptable policy framework for how the state is spending RIT money and what the future of the trust would be. REP. SWANSON said she would like to see the study assigned to the Legislative Finance Committee rather than the Revenue Oversight Committee.

Motion:

REP. HARPER MOVED TO STRIKE THE WORDS "AN APPROPRIATE INTERIM COMMITTEE, THE REVENUE OVERSIGHT COMMITTEE" ON PAGE 1, LINE 22, AND "OR A COLLABORATION BETWEEN THE COMMITTEES" ON PAGE 1, LINE 23.

Discussion:

REP. HARPER said the study should go to either the Revenue Oversight Committee or the Legislative Finance Committee, or a combination of the two. EXHIBIT 6.

Vote:

On a voice vote, the motion passed, 17 - 2.

Discussion:

REP. ORR spoke against the motion to pass the resolution. He said the studies are not that valuable and his constituents did not elect him to "rubber stamp" what some committee had recommended. The studies are not always representative of the people.

REP. ELLIOTT said "government is run by the people who show up."

REP. NELSON said he signed on the bill reluctantly and he would now oppose the resolution. He said he did not feel the studies were worthwhile. In addition, he did not see that the Finance Committee would have time to deal with it unless there was an appropriation.

REP. FUCHS said he would vote for the resolution.

Motion/Vote:

On a roll call vote, the do pass as amended motion passed, 11 - 8.

EXECUTIVE ACTION ON HB 606

Motion:

REP. SOMERVILLE MOVED THAT HB 606 DO PASS.

Discussion:

REP. STORY opposed the bill because it was not his idea of a local option tax.

Motion:

REP. STORY MOVED AN AMENDMENT TO STRIKE ALL REFERENCES TO A LUXURY TAX AND MAKE IT A GENERAL SALES TAX TO BE DETERMINED BY THE LOCAL GOVERNMENT.

Discussion:

REP. SWANSON said the debate could go all directions on this issue. Rep. Ream has suggested putting more limits on and Rep. Story has suggested broadening it. She said the sub-committee's discussion centered around what would be the most likely structure that would be able to pass through the legislative process and the conclusion was a tax on luxury items. The way the tax is structured in the bill gives the right amount of flexibility to local governments to structure a tax that will work in each individual community and gives the people the chance to decide whether it will work.

REP. FUCHS said that the sub-committee had acted on the discussion of the Committee had on the Whitefish bill and the bill was derived from that discussion. The sub-committee meeting was open and any ideas in relation to the bill should have been presented at that time. Now is not the time to amend the bill.

REP. WENNEMAR spoke in favor of the amendment. The local governments should have the right to tax anything they wished.

REP. WELLS said the definition of luxury is a subjective thing.

REP. REAM said the amendment would kill the bill and he hoped that would not happen.

{Tape: 3; Side: B.}

REP. ORR agreed with the amendment. The right thing to do is make it a broad tax.

REP. ARNOTT said she would also agree. She said she could not see why a county would want a luxury tax because there wouldn't be anything to levy it on. All the luxuries are in the cities.

REP. STORY said his intention was not to prohibit a local government from narrowing the scope if that is what they wished to do. They could put the tax on anything they wished.

Vote:

On a roll call vote, the motion failed, 12 - 7.

Motion:

REP. ORR MOVED TO ADD "SALES" BEFORE THE WORD "TAX" THROUGHOUT THE BILL AND TO INSURE THAT THE WORD "SALES" APPEARED IN THE REFERENDUM ON THE BALLOT.

Discussion:

REP. ORR said the reason for his amendment was to be "up front and honest" with the people. He said he was not against a sales tax but it should be labeled for what it actually is.

REP. FUCHS said the bill was patterned after the Whitefish and West Yellowstone bill. He said this bill should be consistent with the wording in those bills.

CHAIRMAN HIBBARD said the Committee should define the scope of the bill but it should be kept close to the form in which it came from the sub-committee originally or the Committee would not have time to deal with it. If the bill passes out of the Committee, CHAIRMAN HIBBARD said he expected a lively debate on the floor of the House.

REP. WENNEMAR agreed with the amendment.

REP. REAM said he strongly disagreed with the amendment because the tax is a luxury tax which is different from a broad-based sales tax.

Vote:

On a roll call vote, the motion failed, 12 - 7.

Motion:

REP. SWANSON MOVED TO AMEND THE BILL BY STRIKING LINE 7 ON PAGE 3.

Discussion:

REP. SWANSON explained that the amendment would eliminate the need for a special election by requiring that the vote take place at the next regularly scheduled election.

Vote:

On a voice vote, the motion passed unanimously.

Motion:

REP. REAM MOVED TO AMEND THE BILL TO REQUIRE THAT 75% OF THE REVENUE SHOULD GO TOWARD PROPERTY TAX RELIEF.

Discussion:

REP. REAM said that if people understand that the bill will offset property tax, they would be in favor of it.

REP. RYAN said the bill says that 50% would be the minimum and the community could change that locally. He said this amendment could affect the Whitefish bill.

REP. SWANSON said he did not think it would have any affect on communities that have the tax.

REP. ELLIOTT agreed with Rep. Ream.

REP. NELSON said he would like to see it set at 75% or higher. Most of the people who voted against the sales tax said they would like to have a sales tax but that did not want it as an additional tax.

REP. SOMERVILLE said the sub-committee would support the amendment.

REP. SWANSON said that going to 100% for property tax relief would have a dampening affect on the community even proposing the tax. From a local government's point of view, they need to receive some benefit. She said she would prefer to see it left at 50%.

Vote:

On a voice vote, the motion passed 16 - 3.

Motion/Vote:

REP. SOMERVILLE MOVED THAT HB 606 AS AMENDED DO PASS. On a roll call vote, the motion failed, 11 - 8.

Motion/Vote:

REP. HANSON MOVED TO TABLE HB 606. On a voice vote, the motion passed unanimously.

EXECUTIVE ACTION ON HB 32

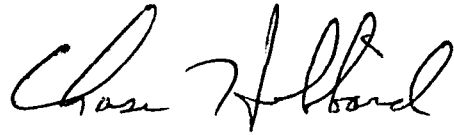
REP. HARPER distributed copies of letters he had received in support of HB 32. EXHIBIT 7. He said the correspondence indicates there is a need to have an arbitration panel to make the "lemon law" work. The bill would not impose any additional cost to car owners but would provide an additional service. The funding source would be general fund from fees that are currently being paid by new car purchasers.

Motion:

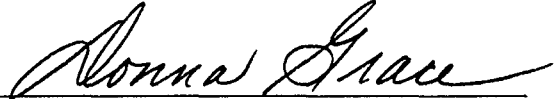
REP. HARPER MOVED TO REMOVE HB 32 FROM THE TABLE. On a voice vote, the motion failed, 11 - 8.

ADJOURNMENT

Adjournment: 11:00 a.m.



CHASE HIBBARD, Chairman



DONNA GRACE, Secretary

CH/dg

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL

DATE 3/23/95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Chase Hibbard, Chairman	✓		
Rep. Marian Hanson, Vice Chairman, Majority	✓		
Rep. Bob Ream, Vice Chairman, Minority	✓		
Rep. Peggy Arnott	✓		
Rep. John Bohlinger		<i>by</i>	✓
Rep. Jim Elliott	✓		
Rep. Daniel Fuchs	✓		
Rep. Hal Harper	✓		
Rep. Rick Jore	✓		
Rep. Judy Rice Murdock	✓		
Rep. Tom Nelson	✓		
Rep. Scott Orr	✓		
Rep. Bob Raney	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Roger Somerville	✓		
Rep. Robert Story	✓		
Rep. Emily Swanson	✓		
Rep. Jack Wells	✓		
Rep. Ken Wennemar	✓		



HOUSE STANDING COMMITTEE REPORT

March 23, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that House Bill 591 (first reading copy -- white) do pass as amended.

Signed: _____

A handwritten signature in cursive script, appearing to read "Chase Hibbard", is written over a horizontal line.

Chase Hibbard, Chair

And, that such amendments read:

1. Title, line 11.

Strike: "IMPOSING A FEE ON CERTAIN VEHICLES;"

2. Title, line 12.

Strike: "SECTIONS"

Insert: "SECTION"

Strike: "61-3-321, AND 61-3-510,"

3. Page 4, line 12.

Page 6, line 20.

Page 6, line 21.

Page 10, line 13.

Page 14, line 8.

Page 14, line 9.

Strike: "12"

Insert: "11"

4. Page 10, lines 27 and 28.

Strike: "from" on line 27 through "12]." on line 28

5. Page 11, lines 1 through 20.

Strike: section 12 in its entirety

Renumber: subsequent sections

6. Page 12, line 1.

Strike: "12"

Committee Vote:

Yes 11, No 8.

671224SC.Hbk

Insert: "11"

7. Page 12, line 3 through page 14 line 3.

Strike: sections 14 and 15 in their entirety

Insert: "NEW SECTION. Section 13. Appropriation. There is appropriated to the department of health and environmental sciences from the general fund \$366,162 for the fiscal year ending June 30, 1996, and \$854,379 for the fiscal year ending June 30, 1997, to implement [sections 1 through 11]."

Renumber: subsequent sections

8. Page 14, line 11.

Strike: "16"

Insert: "14"

9. Page 14, line 13.

Following: "10,"

Insert: "and"

Strike: ", and 13"

10. Page 15, line 15.

Strike: subsection (3) in its entirety

Renumber: subsequent sections

-END-



HOUSE STANDING COMMITTEE REPORT

March 23, 1995

Page 1 of 1

Mr. Speaker: We, the committee on **Taxation** report that **House Bill 589** (first reading copy -- white) **do pass**.

Signed: _____

A handwritten signature in cursive script, appearing to read "Chase Hibbard", is written over a horizontal line.

Chase Hibbard, Chair

Committee Vote:
Yes 13, No 6.

671222SC.Hbk



HOUSE STANDING COMMITTEE REPORT

March 23, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Joint Resolution 28 (first reading copy -- white) do pass as amended.

Signed: _____

Chase Hibbard
Chase Hibbard, Chair

And, that such amendments read:

1. Page 1, line 22.

Strike: "an appropriate interim committee, the Revenue Oversight Committee,"

2. Page 1, line 23.

Strike: ", or a collaboration between the committees"

-END-

Committee Vote:
Yes //, No 8.

671225SC.Hbk

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/23/95 BILL NO. HB 591 NUMBER

MOTION: do pass as amended

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger		—
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs	✓	
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock	✓	
Rep. Tom Nelson	✓	
Rep. Scott Orr		✓
Rep. Bob Raney		✓
Rep. Sam Rose	✓	
Rep. Bill Ryan	✓	
Rep. Roger Somerville	✓	
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar		✓
Chairman Chase Hibbard	✓	

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/23/95 BILL NO. 589 NUMBER

MOTION: do pass

NAME	YES	NO
Vice Chairman Marian Hanson	✓	
Vice Chairman Bob Ream		✓
Rep. Peggy Arnott		✓
Rep. John Bohlinger		—
Rep. Jim Elliott		✓
Rep. Daniel Fuchs		✓
Rep. Hal Harper	✓	
Rep. Rick Jore	✓	
Rep. Judy Rice Murdock	✓	
Rep. Tom Nelson	✓	
Rep. Scott Orr	✓	
Rep. Bob Raney	✓	
Rep. Sam Rose	✓	
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells	✓	
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard	✓	

13 6

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/23/95 BILL NO. HR 28 NUMBER

MOTION: do pass as amended

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger		—
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs	✓	
Rep. Hal Harper	✓	
Rep. Rick Jore		✓
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose	✓	
Rep. Bill Ryan	✓	
Rep. Roger Somerville		✓
Rep. Robert Story	✓	
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard	✓	

11

8

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/23 BILL NO. 606 NUMBER 1

MOTION: Story Amendment

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream		✓
Rep. Peggy Arnott	✓	
Rep. John Bohlinger	—	
Rep. Jim Elliott	✓	
Rep. Daniel Fuchs		✓
Rep. Hal Harper		✓
Rep. Rick Jore	✓	
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr	✓	
Rep. Bob Raney		✓
Rep. Sam Rose		✓
Rep. Bill Ryan		✓
Rep. Roger Somerville		✓
Rep. Robert Story	✓	
Rep. Emily Swanson		✓
Rep. Jack Wells	✓	
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

7 12

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/23/95 BILL NO. HB606 NUMBER 2

MOTION: On Amendment

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream		✓
Rep. Peggy Arnott	✓	
Rep. John Bohlinger		✓
Rep. Jim Elliott		✓
Rep. Daniel Fuchs		✓
Rep. Hal Harper		✓
Rep. Rick Jore	✓	
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson	✓	
Rep. Scott Orr	✓	
Rep. Bob Raney		✓
Rep. Sam Rose		✓
Rep. Bill Ryan		✓
Rep. Roger Somerville		✓
Rep. Robert Story	✓	
Rep. Emily Swanson		✓
Rep. Jack Wells	✓	
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard		✓

7

12

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/23/95 BILL NO. 606 NUMBER 3

MOTION: Ream Amendment
to 75%

NAME	YES	NO
Vice Chairman Marian Hanson		
Vice Chairman Bob Ream		
Rep. Peggy Arnott		
Rep. John Bohlinger		
Rep. Jim Elliott		
Rep. Daniel Fuchs		
Rep. Hal Harper		
Rep. Rick Jore		
Rep. Judy Rice Murdock		
Rep. Tom Nelson		
Rep. Scott Orr		
Rep. Bob Raney		
Rep. Sam Rose		
Rep. Bill Ryan		
Rep. Roger Somerville		
Rep. Robert Story		
Rep. Emily Swanson		
Rep. Jack Wells		
Rep. Ken Wennemar		
Chairman Chase Hibbard		

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/23/95 BILL NO. HB606 NUMBER 4

MOTION: Do Pass as Amended

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Chairman Bob Ream	✓	
Rep. Peggy Arnott		✓
Rep. John Bohlinger		✓
Rep. Jim Elliott	✓	✓
Rep. Daniel Fuchs	✓	
Rep. Hal Harper		✓
Rep. Rick Jore		✓
Rep. Judy Rice Murdock	✓	
Rep. Tom Nelson		✓
Rep. Scott Orr		✓
Rep. Bob Raney	✓	
Rep. Sam Rose		✓
Rep. Bill Ryan	✓	
Rep. Roger Somerville	✓	
Rep. Robert Story		✓
Rep. Emily Swanson	✓	
Rep. Jack Wells		✓
Rep. Ken Wennemar		✓
Chairman Chase Hibbard	✓	

Failed

8

11

Mar 23-95

Vote with Marion

Judy Mordock

HB 589

Marian Hanson her my proxy for 3/23/95
John M. Rose

HB 606 - No

SB 409 - Yes

HB 156 - Yes

EXHIBIT 1
DATE 3/23/95
HB 591

Amendments to House Bill No. 591
First Reading Copy

Requested by Rep. Elliott
For the Committee on Taxation

Prepared by Lee Heiman
March 21, 1995

1. Title, line 11.
Strike: "IMPOSING A FEE ON CERTAIN VEHICLES;"
2. Title, line 12.
Strike: "SECTIONS"
Insert: "SECTION"
Strike: "61-3-321, AND 61-3-510,"
3. Page 4, line 12.
Page 6, line 20.
Page 6, line 21.
Page 10, line 13.
Page 14, line 8.
Page 14, line 9.
Strike: "12"
Insert: "11"
4. Page 10, lines 27 and 28.
Strike: "from" on line 27 through "12]." on line 28
5. Page 11, lines 1 through 20.
Strike: section 12 in its entirety
Renumber: subsequent sections
6. Page 12, line 1.
Strike: "12"
Insert: "11"
7. Page 12, line 3 through page 14 line 3.
Strike: sections 14 and 15 in their entirety
Insert: "NEW SECTION. Section 13. Appropriation. There is appropriated to the department of health and environmental sciences from the general fund \$366,162 for the fiscal year ending June 30, 1996, and \$854,379 for the fiscal year ending June 30, 1997, to implement [sections 1 through 11]."
Renumber: subsequent sections
8. Page 14, line 11.
Strike: "16"
Insert: "14"
9. Page 14, line 13.
Following: "10,"
Insert: "and"
Strike: ", and 13"

10. Page 15, line 15.

Strike: subsection (3) in its entirety

Renumber: subsequent sections

03/22/95 11:25

EXHIBIT 2 001

DATE 3/23/95

HB 606

FAX TRANSMITTAL

(2 pages total)

To: Alec Hanson

From: Larry Finch

To: League of Cities and Towns

Co: Montana Department of Revenue

Fax #: 442-9231

Phone: (406) 444-3526

Fax #: (406) 444-3696

Message:

Alec;

The fiscal notes I found were from the 1989 session--too old to be of use, or had the wrong concept in them. However, I did find the attached document, which was prepared by Phil Brooks before he left Revenue. It shows the estimated statewide revenue from a 1% "tourist tax".

It includes a line-by-line description of those types of sales that would be taxed. Note that at 1% the amount of revenue generated would be \$9.519 million; at a 4% rate this would be about \$38 million, which is very close to the \$40 million estimate you talked about. Let me know if I can provide further info.

SALES TAX REVENUE FOR A 1% TOURIST TAX
Fiscal Year 1995

TAX BASE: Prepared Food and Drink, Lodging Services

<u>ECONOMIC SECTOR</u>	<u>TAX REVENUE</u> thousands \$
Retail Trade	7,028
Eating and Drinking Places	6,694
Vending Machine Operators	181
Grocery Stores	46
Gasoline Service Stations	36
General Merchandise Stores	25
Gift, Novelty, & Souvenir Shops	30
Direct Selling to Households	16
Lodging Places	2,491
Guestroom Rental	2,036
Prepared Meals	363
Alcoholic Drinks	92
TOTAL	9,519

EXHIBIT 3
DATE 3/23/95
HB 606

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

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

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

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

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

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

(5) The people of the state of Montana declare it is the policy of the state of Montana that no further property tax increases be imposed on property classes three, four, six, nine, twelve, and fourteen.

August 1993 MCA -- MCA on CD-ROM

League of Women Voters
of Montana



EXHIBIT 4
DATE 3/23/95
HB 606

TESTIMONY SUBMITTED BY THE LEAGUE OF WOMEN VOTERS OF MONTANA

Before Taxation Committee
Hearings, Thursday, March 23, 1995
Hearing Room 606 - Committee Bldg

The League of Women Voters of Montana has long supported efforts to empower local governments. Since 1986, I-105 has essentially restricted local governments to a static state. This situation has only been mitigated where revenue from gambling has offered some relief. The League is opposed to increased reliance on gambling revenue to fund local governments. Although I-105 has imposed some needed discipline and promoted creative solutions from local governments, it has essentially failed to hold the line on property tax increases because of the exclusion of school funding.

Taxation for both state and local governments is the major issue of the 1990s. As Montana grows more diverse, local governments need more flexibility with regard to raising revenue. Redistribution of economic growth into major urban areas, and increasing tourism, recreation and second homes impact cities and communities.

The League of Women Voters supports broadening the framework of Montana law to allow local citizens flexibility to adjust governmental structures and services to fit particular areas and needs, including the ability to raise revenue to pay for those services. The League supports the establishment of local-option taxes through a majority vote of the local citizenry and levied by local governments. The League believes that the burden on property taxes to raise revenue in Montana is disproportionately high and applauds H.B. 606 for offering an avenue of relief. Furthermore, we applaud the Committee for offering the Legislature an opportunity to debate this important issue.

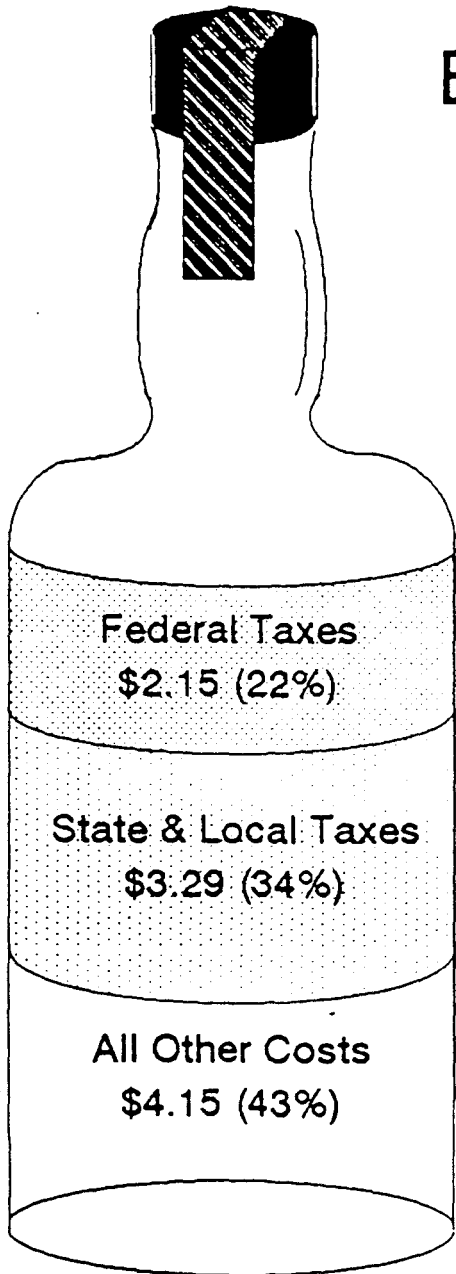
The League of Women Voters of Montana urges a do pass recommendation on H.B. 606. Thank you.

Carol Innoff
Executive Chair, LWVMT

EXHIBIT 5
DATE 3/23/95
HB 606

Excessive Tax Burden Distilled Spirits, 1994

MONTANA



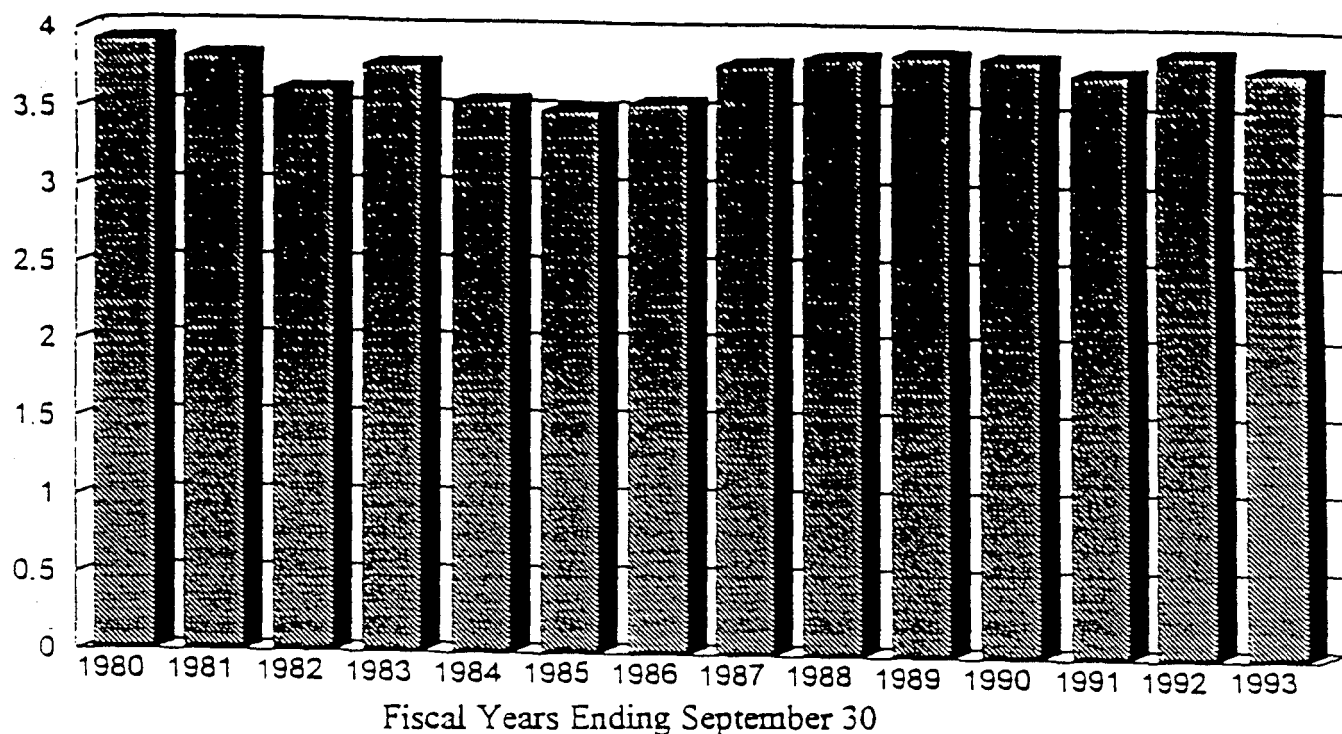
\$5.44 (57%) Goes
to Taxes and Fees

Retail Price of a Typical
750-ml Bottle of
80 Proof Spirits:
\$9.59

Note: Detail may not sum to total due to rounding.

Distilled Spirits FET Revenues Flat

Fiscal Years 1980 - 1993



Fiscal Year	FET Rate* (Dollars per Proof Gallon)	Spirits FET Collections (\$ billions)
1980	\$10.50	\$3.919
1981	\$10.50	\$3.819
1982	\$10.50	\$3.616
1983	\$10.50	\$3.779
1984	\$10.50	\$3.548
1985	\$10.50	\$3.502
1986	\$12.50	\$3.551
1987	\$12.50	\$3.799
1988	\$12.50	\$3.844
1989	\$12.50	\$3.862
1990	\$12.50	\$3.850
1991	\$13.50	\$3.764
1992	\$13.50	\$3.888
1993	\$13.50	\$3.797

Note: Includes only regular federal excise tax collections. Excludes floor stock tax collections.

* One proof gallon is a liquid gallon of spirits at an alcohol content of 50% by volume.
Rate changed on October 1, 1985 and January 1, 1991.

Sources: Bureau of Alcohol, Tobacco and Firearms; Internal Revenue Service.

EXHIBIT

6

DATE

3/23/95

~~HB~~

HJR 28

Amendments to House Joint Resolution No. 28
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
March 23, 1995

1. Page 1, line 22.

Strike: "an appropriate interim committee, the Revenue Oversight
Committee,"

2. Page 1, line 23.

Strike: ", or a collaboration between the committees"

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.

EXHIBIT 7
DATE 3/23/95
HB 32

February 4, 1995

Barbara and James Tilmant
37 Stonecrest Dr.
Kalispell, MT 59901
(406) 756-5860

House Taxation Committee
Montana Legislature
Montana State Capitol
Helena, MT 59620

Dear Committee Member,

It has come to our attention that your Committee has tabled House Bill 32, the "Lemon Law". At issue was the funding of a Montana state department of commerce "independent forum and arbitration procedure for the settlement of disputes between consumers and manufacturers" as created by section 61-4-515 of the Montana New Motor Vehicles Warranty Act, or "Lemon Law". We would like to address this decision by briefly sharing our experiences with the alternative "manufacturer's dispute settlement procedure", and request your reconsideration of this matter.

In January 1993 we purchased a new 1993 Chrysler Grand Caravan. This was purchased as our main family car and, especially, for the transport of our child and neighborhood children to and from school. For extra safety we purchased the All Wheel Drive and Antilock Brake System (ABS) options. Immediately, we began to experience life-threatening malfunctions of the antilock brakes when driving in ice and snow. At times, when the antilock system would go into effect, the vehicle would go into a prolonged skid with total loss of braking ability. We have had several near-accidents as a result of this defect, and that there has been none is truly a miracle. Obviously, we have lost full use and enjoyment of our vehicle.

We immediately brought the problem to the attention of Chrysler. Our search for a resolution to this problem over the last two years began with numerous visits to Chrysler's service department and currently finds us in the arbitration process with the Chrysler Customer Arbitration Board. I have personally spent hundreds of hours educating myself to Montana's "Lemon Law" and in correspondence over this issue. This effort has resulted in correspondence with the Montana Dept. of Commerce, the National

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Isaxation COMMITTEE _____ BILL NO. SB 409
 DATE 3/23/95 SPONSOR(S) Sen. Hargrove

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Roselee Buttock	Tr: Coe,			
<u>Wm. Lane</u>	<u>MEA</u>	<u>409</u>	<u>X</u>	

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

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB606
 DATE 3/23/95 SPONSOR(S) Rep. Somerville

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
W James Kembel	City of Billings	HB606		✓
Dennis Burr	MONTANA	HB 606	✓	
KEVIN JUSTIS	CITY OF BILLINGS	HB 606		✓
Roselee Bullock	Tai County	606	✓	
Chester Bullock	Silver Saddle Bar.	606	✓	
Brian Harris	Distilled Spirits Council	606	✓	
YVONNE K. JOHNSON	YACHT BASIN	606	✓	
CLYDE JARVIS	MOST	606	✓	
Orville Johnson	Yacht Basin	606	✓	
Gordon Morris	MACO	606		✓
Larry Jarbender	City of Ft. Falls	606		✓
Mona Garrison	City of Whitefish	606		✓
Chris Imhoff	MT League of Women Voters	606		✓

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

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

DATE _____ COMMITTEE _____ BILL NO. _____
 SPONSOR(S) _____

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
RON MASON	CITY OF MISSOULA	606		X
DAVID DWAN	MT Chamber	10010	X	

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