

MINUTES

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

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB GILBERT**, on March 25, 1993, at
8:30 a.m.

ROLL CALL

Members Present:

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

Members Excused: None

Members Absent: None

Staff Present: Lee Heiman, Legislative Council
Jill Rohyans, Committee Secretary

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

Committee Business Summary:

Hearing: SB 235
SB 289
Executive Action: None

HEARING ON SB 235

Opening Statement by Sponsor:

SEN. BRUCE CRIPPEN, SD 45, Billings, said SB 235 was introduced at the request of the Governor. He said this is an important and complex piece of sales tax legislation. "New Beginnings", the title of the presentation, is symbolized by the clasped hands of compromise reached by many people of diverse opinions. **SEN. CRIPPEN, Jeff Miller, Administrator, Miscellaneous and Income Tax Division, and Larry Finch, Program Manager, Office of Research and Information, Department of Revenue (DOR),** presented the bill in a mixed media format **EXHIBIT 1.**

The following is the verbatim testimony of **THE HONORABLE MARC RACICOT, GOVERNOR, STATE OF MONTANA.** "This is an extraordinary time in Montana history. The people of the state, the Legislature, the Executive and Judicial branches, have varied feelings about the state of Montana, but they also have a number of things in common. One of the hardest things to change is a mind, particularly when we talk about what we're going to do with the future of the state of Montana.

It seems that often, we as human beings, don't like being confused with the facts. I think that is what we have to keep in mind when we think about how to confront the problems that have presented themselves today, those we can anticipate tomorrow, and how, in the name of God, we go about opening our hearts and minds to the future. I think that is what this presentation is all about and that is what this Legislature is all about.

Like it or not, I think you find yourselves in a posture of being involved at a most pivotal point in our history. And, like it or not, your work is going to be judged with positive results by virtue of the fact that you have done several things that are monumental in terms of dealing with very stressful and difficult situations and circumstances. But as well, we are going to be judged about those things that have to do with the future of Montana.

I can look around the room and see a number good friends that have a different perspective than mine. Don Judge and I have spent many hours talking about this particular subject and there is no question in my mind that Don has the same end results in mind that I do and that most every Montanan does. He wants to see a responsible government, which I think you have been working very diligently toward these last two and a half months. We want jobs in Montana and sometimes that can be a rather antiseptic notion. But when we think about it, it really touches all of us in the food chain. (If) we don't have jobs, we don't have families, we don't have the ability to take care of one another, we don't have anything in the state of Montana. We need more taxpayers, we need a system with fairness in it, something that makes sense to the people we serve, something we can look at and say, "yes, I'm being treated as fairly as that person who lives next to me or across the street". We want a quality education system in the state of Montana - a system that has equalization

built into it. We want to protect our environment in Montana. We also want to help those that need a helping hand. And we want some control of our future. We want to preserve the essence of this state as we have known it, growing up here.

So I think Don Judge and I, and all the people in this room are agreed on what it is we ultimately seek to achieve. The problem, of course, is how do we get there. In my judgement, if we can change a mind, if we are willing to be confused by the facts, if we are willing to be bold and look to the future and open not only our minds, but our hearts, to what we know is right in terms of achieving results, and we can all agree on results, then the secret, of course, is to find the right path to those ultimate results. But if we're simply going to react by saying, "we've always been opposed to that", or "I just don't believe that is the right course", then we will see no progress. We will not see the kind of opportunity in Montana that I think is there for us to seize. Now is the time to do it.

I know there are some who think there are those of us involved in this debate who are rather fanatical. A fanatic, as you know, is one who is defined as one who won't change his mind and won't change the subject. I would propose to you that I am more than willing to change my mind, and think those who have been involved so far have changed their minds, although we are somewhat limited in our willingness to change the subject because we believe so strongly in it. There is no hidden agenda in this bill, no advantage sought for any particular group or individual, and no disadvantages intended.

I just firmly believe that this is the floodgate through which everything else flows - through which those end results that I have in common with every other Montanan ultimately are impacted. If we want to preserve our environment, if we want to quit becoming the victims of extraction and processing and other arenas, if we want a quality education system, if we want fairness in our tax system, if we want an education that we can be proud of and that ensures our children of a quality education and an opportunity to learn a skill and a profession in the post-secondary setting, if we want control of our future, this is the floodgate through which those things pass. I firmly believe that. If we do not change, if we do not confront those problems, they will be changed for us and we will not be the masters of our future, we will be its victims. It will be those from outside the state of Montana that will determine what it is that is appropriate for us here.

Now we have designed some utilitarian mechanisms to address the problems as they presently exist today. Those have involved some very hard decisions and some very special times for each one of you. I think it is remarkable to see how well you have gone about that work and you have done a fine job. It has not been easy. But we have to turn our attention to the future as well. I think this bill turns our attention to the future. I offer to you the notion that as this bill has worked its way through the legislature, we have certainly learned a great deal. We have, I

think, had the opportunity to correct our course, and have made it a better bill as the process has been undertaken. I would remind you that the closer you get to the window, the more you can see of the outside. I encourage all of you to draw close to the window as you look at this particular idea so that you can see as much of the outside as it is possible to see.

We know there are further amendments that are going to be recommended to you and we are more than willing to thoughtfully consider them. What we would really like is a bill that is, in the best judgement of all concerned, in as good shape as it can possibly be, before it is presented to the people of Montana. I know there are some that are tired of this discussion, and there are some of those who have discussed it, and been supporters of it who are somewhat disenchanted with the discussion and do not hold a great deal of hope that it will be considered dispassionately by the people of Montana. I believe otherwise.

I believe the people of Montana will carefully consider, if we give them a bill that makes sense. I do believe that they will thoughtfully and carefully look at it before they make an ultimate decision that impacts their future. I am excited about the potentialities of it, and the possibilities of it. I want to assure this Committee and everyone that has been associated with it, that my involvement and support is not shallow or casual. If this bill ultimately passes through both houses, I will spend my last dying breath taking this cause to the people of the state of Montana with the hope and trust that they will ultimately make the right decision. Thank you, Mr. Chairman."

Proponents' Testimony:

REP. GARY MASON, HD 63, Corvallis, presented his testimony in support of the bill and submitted a proposed amendment **EXHIBITS 2 and 2a.**

Dennis Burr, Montana Taxpayers Association, said his association supports tax reform in Montana and wants to add its support to this type of tax reform. The bill represents an effort to reduce property taxes to levels commensurate to surrounding states, reduce income taxes, impose a retail sales tax, make Montana's tax system more progressive, help the tax system grow and change with the economy, and provide a basis for the economic future and future of government in the state.

He asked the Committee to review proposed taxes in four specific areas. Taxation of professional services makes the bill more difficult to present to the public in a positive light. He said the Senate had exempted public utilities for residential customers. He recommended exempting utilities for commercial and industrial customers as well. He submitted a sheet from the Tax Reform Coalition **EXHIBIT 3** and called particular attention to exemptions for social services, museums and art galleries, and membership organizations including union dues. He pointed out the fiscal and revenue estimate is somewhat at odds with that prepared by the Legislative Council and suggested the Committee

review the figures thoroughly before making a final decision.

Ward Shanahan, Rhone-Poulenc, presented testimony in favor of the bill and submitted a proposed amendment **EXHIBIT 4**.

John Shontz, representing both the **Mental Health Association of Montana** and the **Rehabilitation Association of Montana**, presented testimony in support of the bill and proposed amendments from both organizations **EXHIBITS 5 AND 6**.

Gary Carlson, CPA, First Vice President of the Montana Ambassadors, said he hoped the bill would pass as it would simplify the tax season. He noted a membership survey showed strong support for the bill by the Montana Ambassadors. They support tax reform and are committed to working for passage of the bill.

Bob Gannon, President, Montana Power Company, presented testimony in support of the bill and submitted proposed amendments **EXHIBIT 7**.

Kendra Kalaguchi, Pacific Power and Light, said she agreed with the testimony and amendments presented by **Mr. Gannon** on behalf of Montana Power Company. She said she supports tax reform, but feels the tax burden on centrally assessed utilities is inequitable.

SEN. LARRY TVEIT, SD 11, Fairview, expressed support for the sales tax and said amendments would make it better. The sales tax is long overdue. Montana needs more business and more jobs. Education cannot continue to be funded on the backs of taxpayers. It is time for true tax reform in Montana. Personal property taxes should be repealed in order to make our business climate equitable and competitive with other states. If the personal property tax is repealed, 150 deputy clerks and assessors jobs can be cut. The sales tax will require the addition of 150 FTEs. If personal property taxes are not repealed, the sales tax will double the tax on agricultural machinery and part repairs. He noted 46 other states have the sales tax which was passed by the respective legislatures rather than by vote of the people.

Stuart Doggett, Executive Director, Montana Manufactured Housing and RV Association, and the Montana Tavern Association, presented his testimony in support of the bill **EXHIBIT 8**.

Ted Doney, Rosebud Energy Corporation, Billings Generation, Inc., and ASARCO, said the independent power producers have been forgotten in the process. They do not have the ability to pass on an increase to the consumer because of contracts with the utility companies which forbid the pass on. The amendments proposed by Montana Power would result in increased taxes on the Rosebud Energy Power Plant from \$61,000 per year to approximately \$800,000 per year. The Rosebud plant would be bankrupt and the Billings generation project would not be built. He submitted a proposed amendment on behalf of Rosebud Energy and Billings Generation which would allow the increase in the tax to be passed

through to the utilities and ultimately to the consumer **EXHIBIT 9**. On behalf of ASARCO he presented an analysis and impact statement **EXHIBIT 10** which projects a net tax increase of \$700,000. He said he supports the suggestion by **Dennis Burr** that utilities be exempted for commercial and industrial purposes.

David Owen, Montana Chamber of Commerce and the Billings Chamber of Commerce, expressed support for the bill because it adds the fourth part to the tax base, it is fair, and it creates a tax structure that invites investment in the state. Most businesses that he has reviewed in light of the bill will face tax increases of 7% to 10%. He said it would be helpful if there was a consensus revenue figure for the bill. He supported the proposed utility exemption. He said this is a visible, honest, and fair tax policy.

Riley Johnson, National Federation of Independent Business (NFIB), said the NFIB annual survey regarding the sales tax resulted in 59% in favor, 32% against, and 8% undecided. The vote was based on a sales tax which included a vote of the people, reduction of other taxes, and reform based on a consumptive basis. He said this represents significant support representing over 8000 small business owners in Montana. He noted increasing taxes on businesses only creates a pyramiding tax system.

Charles Brooks, Executive Vice President, Montana Retail Association, presented his testimony in support of the bill **EXHIBIT 11**.

Dan Walker, U.S. West Communications, presented his testimony in support of the bill **EXHIBIT 12**.

John Alke, Montana Dakota Utilities (MDU), said MDU will be a multi-million dollar tax payer if the sales tax is enacted. He said they do not object to that and do not seek any change in their tax position. He asked that the Committee support previous testimony and proposed amendments which exempt utility services to the purchaser. Virtually every business must have utility services. If they must pay a tax on the utility services the businesses receive, a tax pyramid is created. A substantial portion of utility bills is tax. All the taxes imposed on the utility are passed on to the consumer. If they must pay a tax on the service they receive it is, in effect, a surtax on the taxes already included in the rate. He said the exemption should apply to all consumers of utility services, not just the residential consumer.

Janelle Fallon, Montana Petroleum Association, said the bill would cost her members more tax dollars, but they are willing to pay if it results in true tax reform. She agreed with previous utility company testimony regarding the importance of exempting commercial purchasers of energy. She submitted a proposed amendment clarifying the taxation of minerals **EXHIBIT 13**. She said Section 22 had been amended so that it could easily be interpreted that production from a well that is used on the lease

for the purpose of producing the mineral or moving the mineral to the point of sale is subject to tax. This would impose the sales tax on a non-sales transaction and subject the mineral to double taxation by imposing both the severance tax and sales tax on the mineral prior to any sales transaction. She said Section 27, exempting taxation of certain chemicals and reagents used in processing and oxidizing, is confusing and open to various interpretations.

Katharine Donnelley, Montana Community Foundation, said she is an attorney in Helena and appears representing herself as a volunteer working with non-profit organizations on tax matters. She said non-profit organizations should be exempt under provisions of the bill. She reviewed sales tax treatment of charitable organizations in other states **EXHIBIT 14** and noted it was very unusual for non-profits to be subject to the sales tax. She presented proposed exemption amendments and supporting material **EXHIBITS 15 AND 15a**.

Jan Shaw, Montana Association of Homes and Services for Children and Helena Youth Resources, said they are a 501-C3 organization whose funds are derived from Department of Family Services foster care budget, United Way, fundraisers, and private donations. Under provisions of the bill, 80% of their annual budget will be subject to a sales tax which would increase their budget by \$3200. She urged the Committee to exempt non-profit organizations from the sales tax.

Marilyn Daumiller, Helena Presents, presented her testimony in support of the bill and requested exemption of non-profit organizations **EXHIBIT 16**.

Diana Dowling, Coordinator of AARP Capital City Task Force of the State Legislative Committee in Montana, presented her testimony in support of the bill **EXHIBIT 17**.

Alec Hanson, Executive Director, Montana League of Cities and Towns, said the League supports the sales tax and the fair and equitable distribution of sales tax revenues back to cities, towns, and counties where it was collected. He said there is no money in the bill for local governments and is only a Helena solution to a Montana problem. He noted the Department of Revenue has prepared amendments to protect tax increment financing. He said those amendments are essential and asked the Committee to adopt them.

Phil Campbell, Montana Education Association (MEA), said MEA supports the bill. The bill, although it will not solve the immediate problem, will address future concerns. He expressed concern about the increasing reliance on property taxes for funding education and felt the sales tax widens the base for education funding.

Jim Ehrens, President, Montana Hospital Association, said his organization supports tax reform. To date in the Appropriations Committee, hospitals have lost \$17 million in state general fund

money and \$50 million more in state/federal funds. There is no way out because there is no money for social service programs. He hoped the sales tax will provide a way for providing adequate medical services for the people of the state.

Ben Havdahl, Montana Motor Carriers Association, said his organization had some concerns with the bill as it was introduced. Those concerns have been addressed and he expressed support for the bill in its current form.

Lorna Frank, Montana Farm Bureau, expressed support for the bill and urged the Committee to adopt the amendments proposed by **REP. MASON**. She said her organization supports the sales tax if the personal property tax is eliminated.

Opponents' Testimony:

Robert Vandervere, concerned citizen lobbyist, said he had been talking to the people and the people do not like a sales tax and do not want a sales tax. He said single parents will be hit especially hard. He said the bill should be killed or tabled because it is too expensive to run a special election for an issue that will be defeated.

REP. JIM ELLIOT, HD 51, Trout Creek, said there is a little something for everyone in the bill. There is relief for the homeowner, real property relief, income tax relief, and personal property tax breaks. He said he qualifies for three out of four of the breaks, but still is unhappy with the bill. He asked if taxpayers earning over \$25,000, or small business owners, or big business are going to pay for this bill. He wondered if individuals will pay the taxes for the business because businesses will pass increases on to the consumer. He noted he had not seen any individual citizens testifying in support of the bill. **REP. ELLIOTT** said the 4% cap is good, but he was concerned that there is no cap on income tax, property tax, homeowners tax. He said this is a bitter pill wrapped in a candy treat beside our bed in hopes that we will gobble it down and wake in the morning none the worse for wear.

Chester Kinsey, Montana Senior Citizens, said he is a farmer. He said low income people and senior citizens are going to be hurt by the bill and urged the Committee to kill the bill.

Donna Small, Chairman, Montana Democratic Party, quoted from the 1992 Democratic Platform which expresses strong opposition to the sales tax, but also recognizes a united belief in comprehensive tax reform. She said the Democratic Party believes voters should be presented with two viable tax reform packages, one with a sales tax and one without. Tax reform should include fairness, simplicity, stability, and progressivity. She said they will not support tax reform that places undue burdens on the middle class taxpayer. She commended **SEN. CRIPPEN, GOVERNOR RACICOT**, and the Department of Revenue for their efforts on the tax reform package. She said this is the best sales tax bill she had ever seen; however, the Democrats will go out and try to beat it.

Gary Spaeth, State Bar of Montana, said he appears as neither an opponent or proponent due to the wide divergence of opinion in the membership. He said the concern is with the taxing of professional services. Professional services are taxed in only four other states and were later repealed in two of those. He said the tax is not applied to discretionary spending, rather it applies to necessary services, and thereby it becomes a misery tax. He pointed out taxing lawyers services such as wills, collection of child support, and legal remedies tax a person's ability to defend themselves. He also pointed out that audits of sales tax payments would seriously compromise confidentiality. He also expressed concern about the application of the tax equal to 4% of the services at the time the services are rendered on page 10. He said the language is unclear and needs to be further defined in the intent section.

Don Judge, Montana AFL-CIO, expressed appreciation to the Governor for recognizing their differences in regard to the sales tax issue. He said he is speaking on behalf of thousands of members of AFL-CIO across the state who have adopted a position in opposition to the sales tax. He said the sales tax is not a panacea. Forty-six other states have a sales tax and most all of them have problems as bad or worse as Montana.

He said he did not see any information on the impact of the sales tax on individuals in the 9 and 10 decile brackets and above. He predicted the line of progressivity in income tax will flatten out at the six percent level and above.

He said Montana is not alone in its crisis situation. For the past 12 years "trickle-down" economics have led to the current situation nationally and in Montana. He said over \$236 million has been given away in tax breaks to the business community and to some consumers and we now find ourselves \$200 million in debt. The sales tax is the ultimate scheme to shift the tax burden away from those with the most ability to pay to those with the least. He urged the Committee to kill the bill.

Steve Mandeville, Legislative Chairman, Montana Association of Realtors, said his organization is opposed to a sales tax on services; however, they do favor a sales tax on consumable goods as one way of replacing revenues lost through property tax reform but not as an additional tax. A sales tax on services is another tax on production that results in pyramiding and multiple taxation and adversely affects those on fixed or low incomes. The addition of a tax on closing costs adds an average of \$100 - \$300 to the cost of buying a home which makes it very difficult for first time buyers and even cuts some potential home purchasers out of the market.

REP. BOB RANEY, HD 82, Livingston, said he is opposed to the sales tax, yet he does support putting the issue on the ballot for a public vote. He said this sales tax proposal is difficult to support because it will solve the problem on a short term basis, but the state will be short of money once again with nowhere at all to turn except to raise income and property taxes

or eliminate sales tax exemptions and credits. He resists the idea of small businessmen having to become tax collectors. The paper work burden imposed by workers' compensation and property tax is already overwhelming. Most small businesses work on a very small profit margin and they will have to make further cuts if the sales tax is added. He asked the Committee to consider a renter exemption for small businesses.

Elmer Fauth, Montana Senior Citizens Association, Great Falls, said this is a regressive and unfair tax which will keep going up, not down. He said thousands of dollars will have been lost fooling around with the bill if it fails. He urged the Committee to stop the bill and concentrate their efforts on methods of fair taxation.

Informational Testimony:

Information from the Center on Budget and Policy Priorities and a sheet of suggested amendments were distributed to the Committee on behalf of **REP. JOHN COBB, HD 42, Augusta, EXHIBIT 18.**

Questions From Committee Members and Responses:

REP. McCAFFREE asked **Mr. Gannon** what the Montana Power position would be if their proposed amendments did not pass.

Mr. Gannon said the amendments are crucial and they feel sure they will be acceptable to everyone concerned. He said the company had not taken a formal position on the bill without the proposed amendments.

REP. McCAFFREE asked how the bill would be affected by the amendments.

Mr. Miller said DOR had not had time to review the MPC amendments, but would do so and report to the Committee.

REP. ELLIOTT asked how much money SB 235 would raise after deductions and credits.

Mr. Finch, referring to Exhibit #19, said in FY 1994 the net income would be \$34 million and in FY 1995 the net income would be \$80 million.

REP. ELLIOTT asked if the proceeds will be used exclusively for deficit reduction.

SEN. CRIPPEN said the proceeds could be earmarked for any part of the "99/99" solution.

REP. ELLIOTT asked if excess funds would be used for funding any other state programs if the deficit amount was met and exceeded.

SEN. CRIPPEN replied there is no chance SB 235 proceeds would raise over \$200 million, therefore no other state programs would be funded.

REP. HANSON asked what the status of the agricultural trust would be under provisions of SB 235.

Mr. Miller said it would be subject to either the new vehicle sales tax or the used vehicle sales tax.

REP. TUNBY asked how DOR would verify collections and how much of a paperwork burden would be placed on business owners.

Mr. Robinson said DOR has been working in an economic analysis of the sales tax revenue for over two years. He said DOR is concerned with the paperwork burden on vendors and will do as much as they can to limit the administrative costs. They will also monitor collections and have audit procedures in place to ensure compliance.

REP. DOLEZAL said that according to **EXHIBIT 1**, the average annual property tax savings per resident would be \$163. He asked what the property tax savings for business owners would be.

Mr. Finch said DOR compiled tax statements per commercial parcel and an overall commercial impact statement. DOR did not do a comparison between the 9% and proposed 4.5% property tax reduction.

REP. DOLEZAL asked what an average family would pay per year in sales taxes.

Mr. Finch said the information is contained in **EXHIBIT 19**.

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REP. DRISCOLL noted Section 53 requires a retailer to post a bond in case they do not remit the sales tax. He asked if there is the same requirement for withholding an employees income tax.

Mr. Robinson said they do not have that authority for withholding. The bill states DOR "may" require a bond. The intent of the permissive language is to give DOR the authority to address transient businesses or vendors who may not remit the tax.

REP. DRISCOLL asked how much Montana citizens will pay in additional federal taxes because they cannot deduct sales tax payments.

Mr. Judge said the Senate Taxation Committee had asked for that information but it has not been received yet. He said property taxes and income taxes are currently deductible from the federal tax burden. If property taxes and income taxes are reduced, Montanans who itemize will have an increased federal tax burden. He noted taxpayers on the high income end will get up to a 30% deduction, while those on the lower income end will be paying more because they have no federal deductibility.

Mr. Robinson said the net increase of federal tax as the result of payment of sales taxes would be about \$4 million as the bill was originally introduced.

REP. NELSON, referring to Sections 14 and 17, said commissions are part of premiums and many insurance agents are not employees of companies but are independent and contract with the companies. He asked if the commissions paid to non-employees would be taxed.

Mr. Robinson said they would be taxed.

REP. NELSON asked if the agent would have to pay the tax if he was an employee of the company.

Mr. Robinson said he would not.

REP. NELSON asked if that, in effect, creates an uneven playing field.

Mr. Robinson said DOR has discussed this situation with representatives of the insurance industry and anticipates proposed amendments to address the problem.

REP. ELLIOTT asked if the percentage of those people who qualify for an earned income credit, but who do not apply, would represent a windfall for the state.

Mr. Robinson replied that there are bound to be situations that arise out of the tax reform bill that will require specific education through the agencies and organizations that service particular groups of taxpayers. He said he has no idea what portion of those entitled to the credit would not apply, but he doubted that it would represent a "windfall" amount.

REP. ELLIOTT said Florida exports 25% of their sales tax burden with 6.7% being directly paid by tourists. He asked for a description of the remaining 18.3%.

Mr. Robinson said businesses have several choices regarding the increased cost of a sales tax; they can either add the cost to the sales price of the article or adjust their purchase policy which would thereby absorb the sales tax increase. The adjustment in the purchase policy would result in the export of the sales tax cost which accounts for the 18.3% in Florida. He said Montana purchases a larger amount of products from out of state because of limited in-state manufacturing. As a result, Montana would probably export a larger percentage.

REP. DOLEZAL asked how much of the sales tax would be paid by residents as compared to tourists.

Mr. Robinson said there is no Montana data specific to tourist expenditures within the sales tax model. He said the Florida study has a 6% tourist sales tax factor.

Closing by Sponsor:

SEN. CRIPPEN, responding to senior citizen's concerns, said a sales tax is not a penalty tax like property tax and income tax. The sales tax is a consumption tax. He said senior citizens

should study the bill very carefully as a great deal of work was done during the interim to ensure their concerns are addressed in this bill.

Realtors have a legitimate concern about taxing services. Logic and compromise have dictated this solution. Alternatives on the horizon are a value added tax and a realty transfer tax which are both going to be much more expensive than the sales tax.

He said this was a different hearing than the sales tax hearing four years ago. This is a very comprehensive bill that addresses many of the issues and concerns from that session. He said if there is enough support for caps on income and property taxes they should be amended into SB 289, but he doubted the bill would pass if they were added. He submitted that **Ms. Small** was out of step with members of her party who actively supported Dorothy Bradley and her support of a sales tax proposal. **SEN. CRIPPEN** said he appreciated **Mr. Judge's** comments but pointed out organized labor has supported sales tax initiatives in many states.

He continued the bill is the result of compromise and statesmanship on both sides of the aisle. It is not the very best bill, but it is the best bill we have and it needs to be submitted to the people. He said we need to put aside the mind set of the past that has brought us to this point. We must take a long, hard, fair, and honest look at where we are and where we are going. The choice is ours. We can continue on in the fashion of the past and present the people of Montana with several bitter pills regarding education, elderly care, and human services. Or we can take the step to a better future and make a positive choice. He urged the Committee to give the bill fair and comprehensive consideration.

HEARING ON SENATE BILL 289

Opening Statement by Sponsor:

SEN. BRUCE CRIPPEN, SD 45, BILLINGS, said this is a companion bill to SB 235. It submits an amendment to Article 8 of the Montana Constitution which would limit to 4% the rate of the general statewide sales or use tax and provides an effective date. This bill addresses the concern of the people that the sales tax will continually increase. The 4% cap gives sole authority to the taxpayers for any future increase.

Proponents' Testimony:

Mick Robinson, Director, Department of Revenue, speaking on behalf of the Racicot Administration, expressed support for the 4% constitutional cap on the sales tax.

David Owen, Montana Chamber of Commerce, testified in support of the bill.

Dennis Burr, Montana Taxpayers Association, expressed support for the bill.

Opponents' Testimony: There were no opponents.

Questions From Committee Members and Responses:

There were no questions.

Closing by Sponsor: SEN. CRIPPEN closed.

ADJOURNMENT

Adjournment: The meeting adjourned at 12:30 p.m.



BOB GILBERT, CHAIRMAN

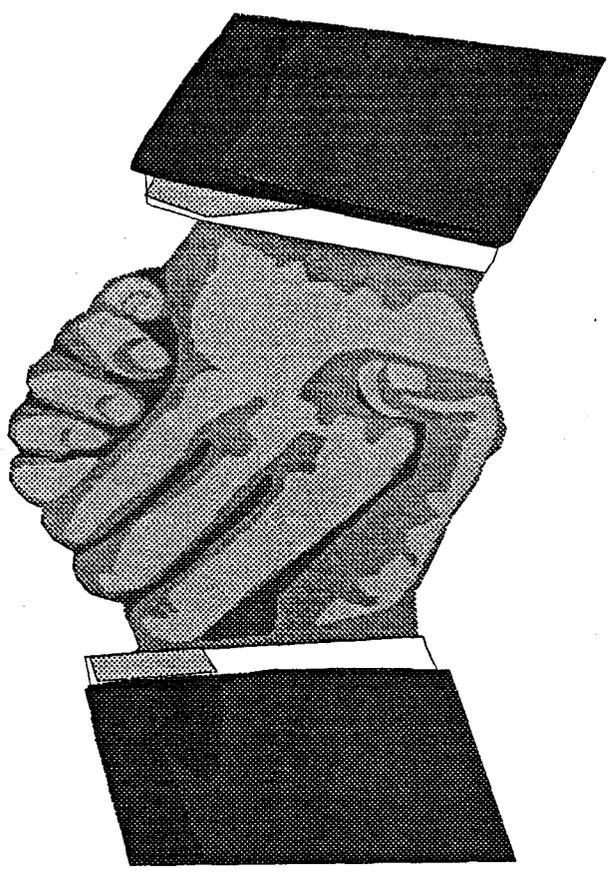


JILL ROHYANS, Secretary

BG/jdr

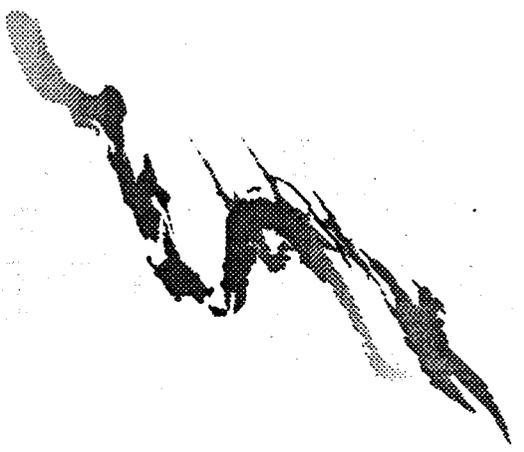
House 10/20/93

EXHIBIT 1
DATE 8/25/93
SB 235



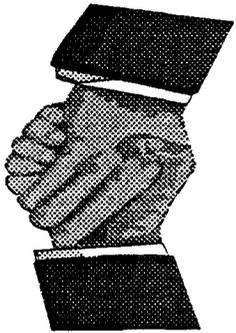
New Beginnings

Senate Bill 235



New Beginnings

Senate Bill 235



A Tax System That:

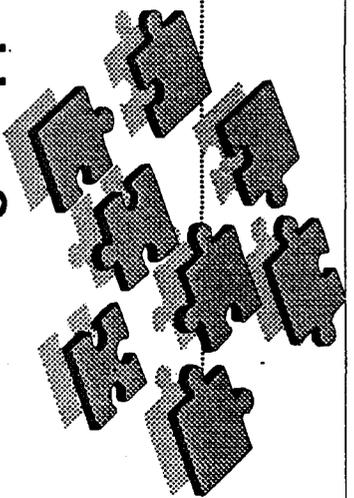
- Is Not Equitable
- Lacks Consistency and Stability
- Stops Economic Expansion
- Impedes Job Creation and
- Harms Montana Families



What

Is

The Problem ?

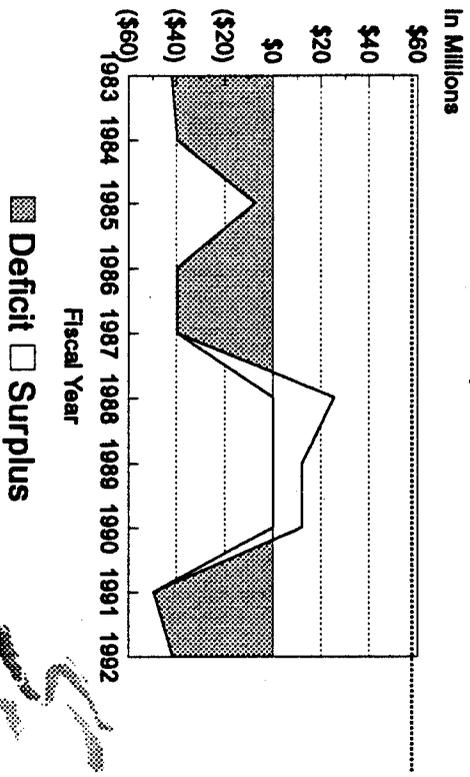


In Montana

Expenditures Have
Exceeded Revenues in 7 of
the past 10 Years!

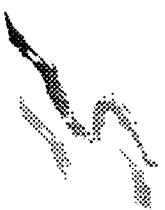


**10 Year History of our Structural Deficit
General and School Equalization Funds**



How Did This Happen ?

- Large Beginning Fund Balances
- Numerous Fund Transfers
- Elimination of Many Trust Funds
- Changes in Accounting Practices



10 Years of Over Spending

Equals

\$210 Million



**The Bottom Line
Is**



One Time

and

Short Term

'Fixes'

Are Exhausted!

The Current Reality Is

■ We Have a \$200 Million Deficit In
The next biennium; and

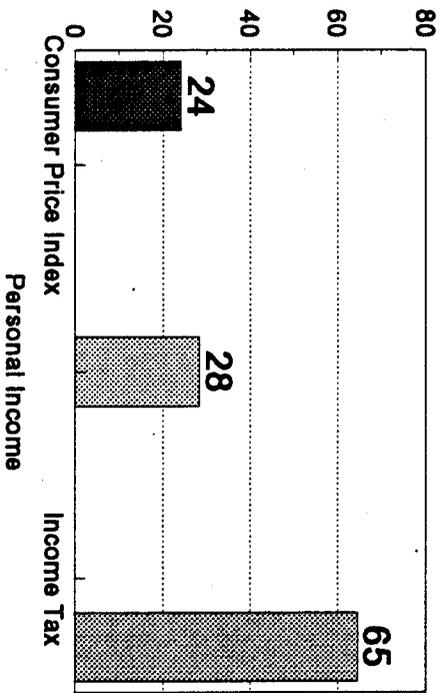
■ The Public Has a Poor Perception
of our Tax Policy

**Public Perception of
Montana Tax Policy Is:**

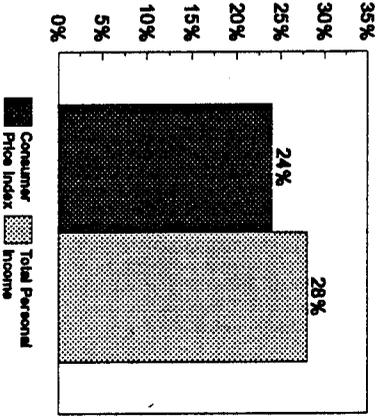
- Montana is a High Income Tax State; and
- Montana is not competitive in Business Equipment taxation

**Public Perception
of Montana Tax
Policy Is True !**

**Percent Change in the Consumer Price Index,
Total Personal Income & Individual Income Taxes
Percent Increase - 1986 to 1991**



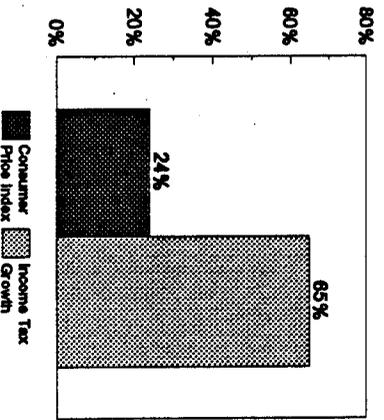
**Income Growth vs Inflation
1986 to 1991**



From 1986 to 1991 Personal Income grew 17% more than inflation

**What have we asked
of our
Income Taxpayers
in the last 6 years ?**

**Income Growth vs Inflation
1986 to 1991**

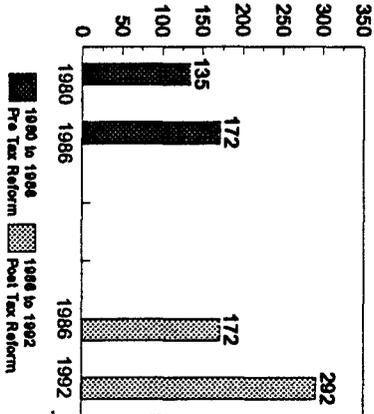


From 1986 to 1991 Income Tax grew 170% more than inflation

Income Tax Collections

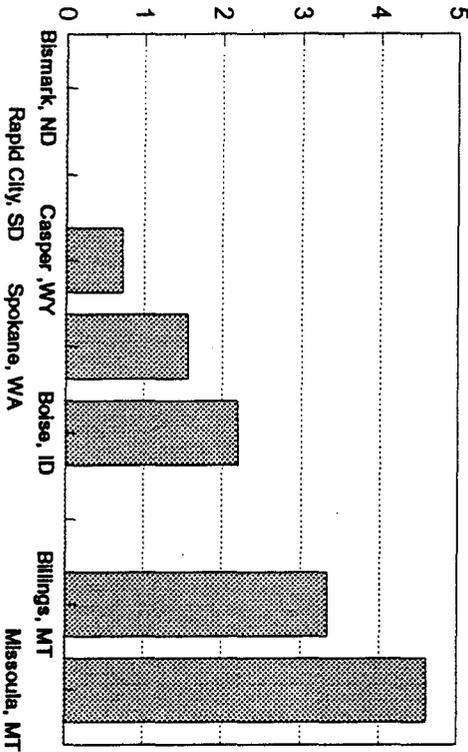
1980 to 1992

- From 1980 to 1986 Income Tax grew \$37 Million (28%)
- From 1986 to 1992 Income Tax grew \$120 Million (70%)



Business Equipment Taxes Regional Comparison

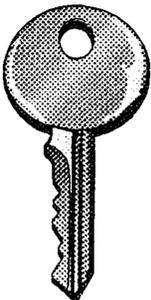
Effective Tax Rate Percent



**Business
Equipment
Taxation**

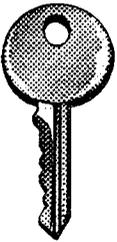
Is It Competitive?

**What
Is
The Solution?**

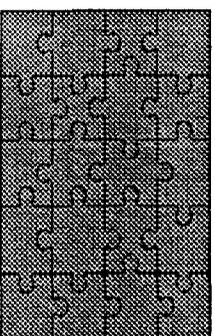
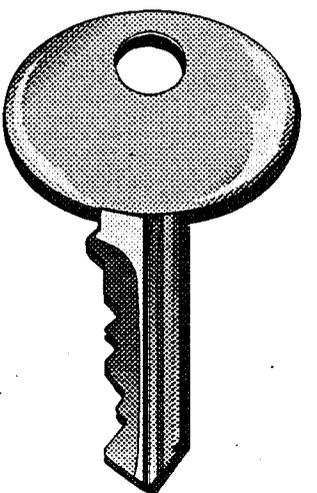
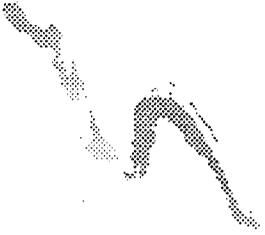


What Is The Solution ?

- Establish a Broad Based Tax System Through Major Tax Reform:
 - ▶ 4% General Retail Sales and Use Tax
 - ▶ Single Income Tax Rate
 - ▶ Competitive Business Equipment Tax
 - ▶ Residential and Commercial Real Property Relief



The Sales Tax Is The Vehicle For Tax Reform



Voter Control

- Submitted to a Public Vote
- Voter Approval Required For Future Changes To The Rate



Time Line

- ▣ Public Vote On June 8, 1993
- ▣ Implementation - April 1, 1994
- ▣ June 1993 - April 1994 Requires:
Education; and
Registration of Sellers/Vendors



Sales Tax

- ▣ 4%
- ▣ Broad Based Tax
Sales of Goods and Services or
Use of Goods and Services



The Use Tax Is:

- ▣ Applicable to Use
- ▣ Imposed at a Rate of 4%
- ▣ Identical Tax Base
- ▣ Complements the Sales Tax
- ▣ Insures Fairness



The Tax Is:

- ▣ On the Purchaser or User
- ▣ Based on the Sales Price
- ▣ Collected by the Seller or
- ▣ Reported by the User



All Goods and Services Are Taxed Except:

- Exemptions; and
- Non-Taxable Transactions



Family Consumer Expenditures

- Non Prepared Food - Groceries
 - Prescription Drugs
- Medical or Counseling Services
- Rent or Mortgage Payments
- Wages, Salaries and Other Compensation paid by an Employer
 - Day Care Services
 - Residential Utility Services
 - Tuition - Public and Private



Major Exemptions Include:

- Agricultural Exemptions
- Agricultural Supplies
- Agricultural Services
- Sale of Crops or Livestock



Agricultural Exemptions

- Agricultural Supplies
- Agricultural Services
- Sale of Crops or Livestock



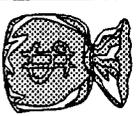
Manufacturing and Mining Exemptions

- Mining, Manufacturing or Processing Services
- Sale or Lease of Minerals
- Chemicals or reagents used in the mining or refining process
- Electricity for electrolytic deposition



Financial/Insurance Services and Real Estate Sales

- Interest and Dividend Income
- Insurance Premiums
- Sale of Stocks, Bonds and Securities
- Sale of Real Estate



Other Exempt Sales or Services

- Advertising Services
- Isolated Sales
- Licensed Gambling
- Gasoline, Gasohol and Special Fuel
- Newspapers, Magazines and Books
- Vehicles > 46,000 GVW - Interstate
- Building Construction Services Commercial and Residential



New and Used Vehicles

- Revisions to current law
- New Vehicles > 1.5% to 4%
- Used Vehicles > 4%
- Collected upon registration



Non-Taxable Transactions

Are:

- ▣ Goods or service not subject to sales or use tax because of their intended use
- ▣ Purpose is to avoid tax pyramiding
- ▣ Are Either:
 - Documented purchases for resale
 - Sale of goods or services in interstate commerce



Tax Administration Requirements

- ▣ Statewide Registration of all Vendors
- ▣ Monthly Filing
- ▣ Vendor Allowance
 - 3% 1st Year up to \$100 month
 - 1.5% thereafter up to \$100 month
- ▣ Income Tax Return used for the Low Income Relief



Examples of Non-Taxable Transactions:

- ▣ Sale of Goods or Services for Resale
- ▣ Sales for Leasing
- ▣ Lease for subsequent lease



Low Income Sales Tax Relief

- ▣ Gross Household Income Under \$13,000
- ▣ Refundable Credit
- ▣ Exemptions X \$90 = Credit



Low Income Sales Tax Relief

FY95 - \$18.75 Million

FY96 - \$25.00 Million

	Current Law 2 - 11%	SB235 6%
Exemption	\$1,450	\$3,500
Pension Exclusion	\$3,600	\$7,500
Standard Deductions		
Single	\$2,720	\$6,000
Head of Household	\$5,440	\$8,000
Married/Seperate	\$2,720	\$5,000
Married/Joint	\$5,440	\$10,000

Individual Income Tax Reform Measures

- ▣ Single Rate - 6%
- ▣ Generous Personal Exemptions
- ▣ No Itemized Deductions
- ▣ Generous Standard Deduction
- ▣ \$7,500 Pension Income Exclusion

Individual Income Tax Relief

- ▣ Fiscal 1994 - \$19 Million
- ▣ Fiscal 1995 - \$41 Million
- ▣ Biennial Impact - \$60 Million

Property Tax Reform

- ▣ Residential
- ▣ Commercial

Residential Property Tax Reform

- ▣ \$15,000 - Homestead Exemption
- ★ \$163 - Average Property Tax Savings
- ▣ Renters' Credit
- ★ \$150 - Maximum Refundable Credit
- ▣ Either these credits or existing Homeowner/Renter credit - not both.

Commercial Property Tax Reform Measures

- ▣ Business Equipment Rate Reduction
 - ★ From 9% to 4.50%
- ▣ \$10,000 - Commercial Property Exemption

Property Tax Savings - In Millions

	Fiscal 1995	
RESIDENTIAL		
Homestead Exemption	\$25.1	
Renters' Credit	\$10.6	
Total Residential		\$35.7
COMMERCIAL		
Business Equipment Commercial Exemption	\$34.3	
Total Commercial	\$5.4	
		\$39.7
TOTAL SAVINGS		\$75.4

Major Property Tax Elements

- Eliminates local school mills for retirement, transportation and reduces debt service mills - 34 Mill Reduction
- Provides Homestead Relief:
 - \$15,000 for residential real estate
 - \$10,000 for commercial real property
- Reduces Business Equipment Rate from 9% to 4.50%

Savings to Property Taxpayers

▪ Residential	\$ 54.0
▪ Business	\$ 74.5
Total	\$128.5

Savings to Current Property Classes

In Millions

	Reduction In Mills	Homestead Relief	Reduced Tax Rates	Total
1 Net Proceeds	0.2			0.2
2 Gross Proceeds	0.3			0.3
3 Ag Land	4.6			4.6
4 Residential Real	18.4	33.5		51.9
4 Commercial Real	7.6	5.4		13.0
5 Co-ops, Poll, C	0.6			0.6
6 Livestock	1.0			1.0
7 Independent Tel				
8 Business Equip	8.0		32.5	40.6
9 Utilities	10.4			10.4
10 Timber Land	0.2			0.2
11 Farmsteads	2.1			2.1
12 Rail & Airlines	1.8		1.7	3.6
Statewide Total	55.2	38.9	34.2	128.5

Summary of Senate Bill 235

- Provides for:

Sales Tax

Low Income Relief

Income Tax Reform

Property Tax Relief

Residential

Commercial

Renter's Credit

Taxpayer Burdens By Income Groups



■ Progressive Tax

As income rises - the percent of income paid in tax rises.

■ Regressive Tax

As income rises - the percent of income paid in tax falls.



Tax Burden - Defined

Total Taxes/Total Income

$$\$5,000,000 / \$100,000,000 = 5\%$$



Data Sources

- Sales Tax
- Consumer Expenditure Survey (USDL)
- Income Tax
- DOR Income Tax Database
- Property Tax
- DOR Property Tax Database



Income Brackets Used In Tax Burden Analysis

Income Group	Income Range
1	Less Than \$ 5,000
2	\$5,000 to \$ 9,999
3	\$10,000 to \$14,999
4	\$15,000 to \$19,999
5	\$20,000 to \$29,999
6	\$30,000 to \$39,999
7	\$40,000 to \$49,999
8	\$50,000 and Over

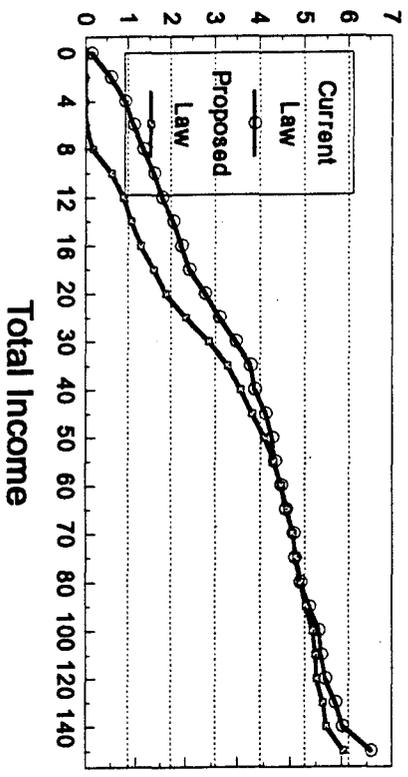


Individual Income Tax

Average Effective Tax Rates

Current Law Vs. Proposed Law

% Tax Rate

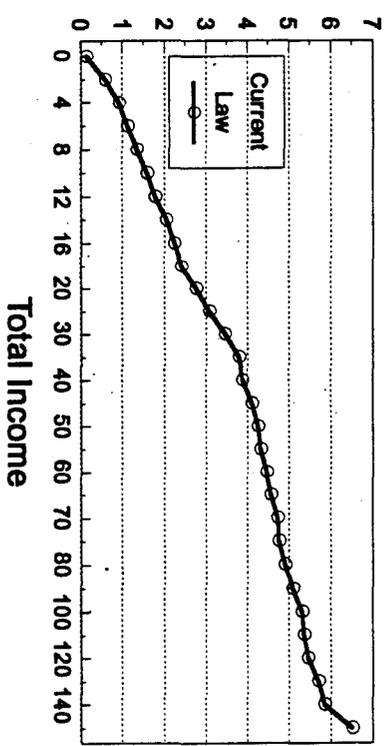


Individual Income Tax

Average Effective Tax Rate

Current Law

% Tax Rate



Individual Income Tax

Income Before Incurring Tax Liability

Current Proposed

Single Filer	\$ 4,170	\$ 9,500
Head of Household	\$ 8,340	\$15,000
Joint - 2 Children	\$11,240	\$24,000
Separately - 1 Child	\$ 5,620	\$12,000



Individual Income Tax - Pensioners

Income Before Incurring Tax Liability

	Current	Proposed
Single Filer	\$ 9,220	\$20,500
Head of Household	\$13,390	\$26,000
Jointly	\$18,440	\$39,000
Separately	\$ 9,220	\$19,500



Property Tax Homestead Exemption - Montana Residents

Refundable Credit Against Income Tax

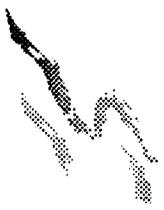
Average Tax Savings

All Owner Occupied Dwellings: \$163

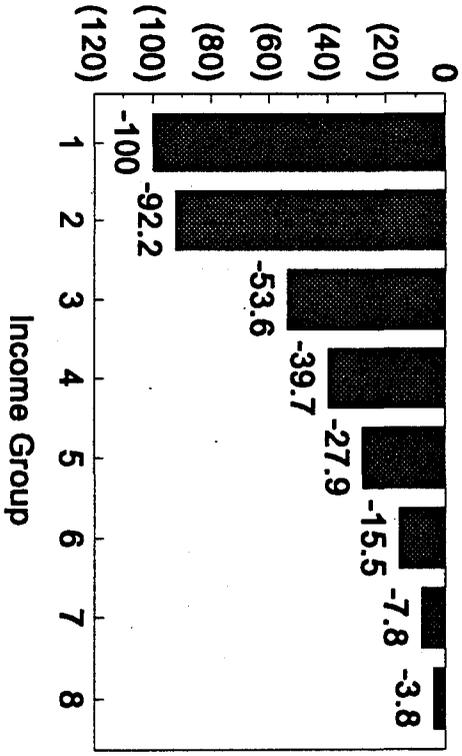
Full \$15,000 Exemption: \$212

Total Homeowners Tax Savings:

\$33.5 Million



Individual Income Tax
Percent Reduction In Tax Liability
Percent Reduction



Property Tax Renters' Credit

Refundable Credit Against Income Tax

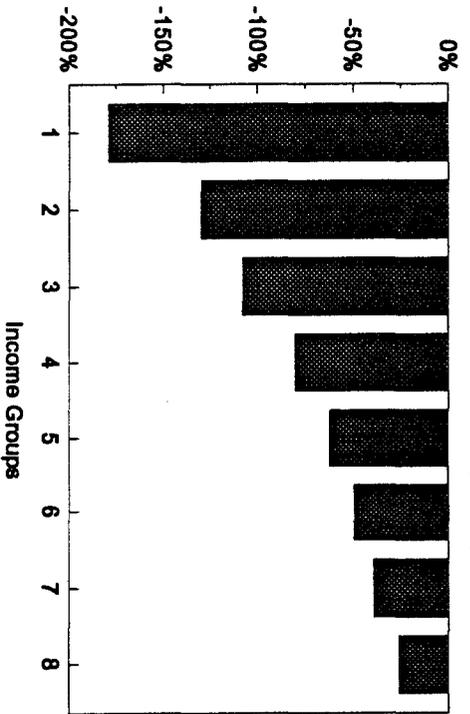
\$150 Credit For Every Renter Household

Total Tax Savings:

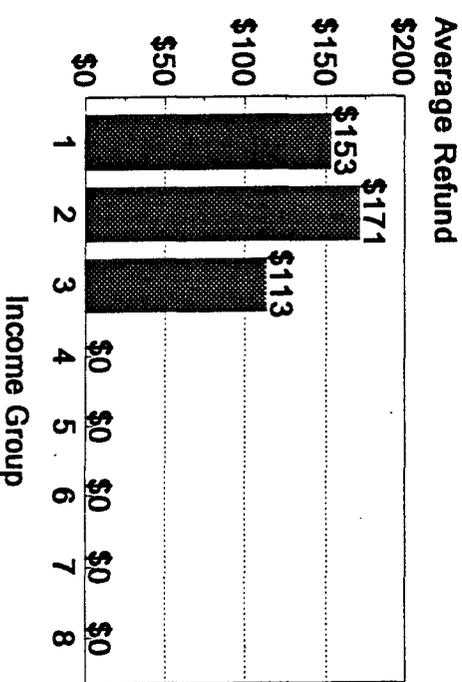
\$14.1 Million



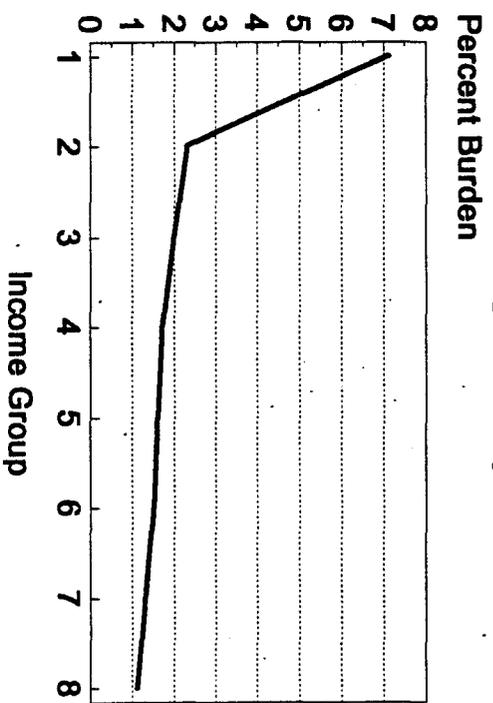
Percent Reduction in Property Tax/Rent



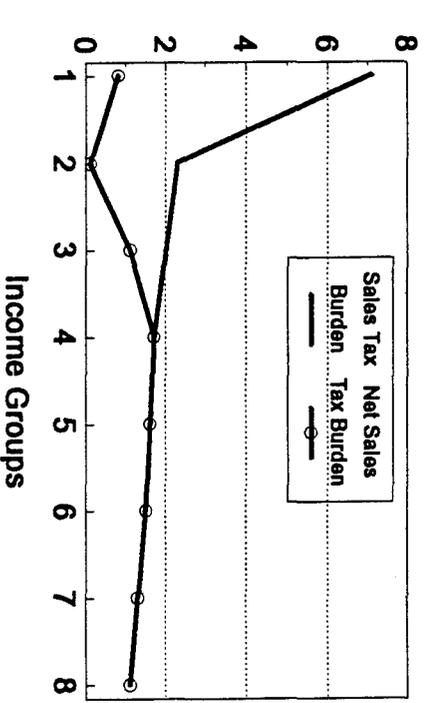
Average Refund For The Low Income Sales Tax Credit



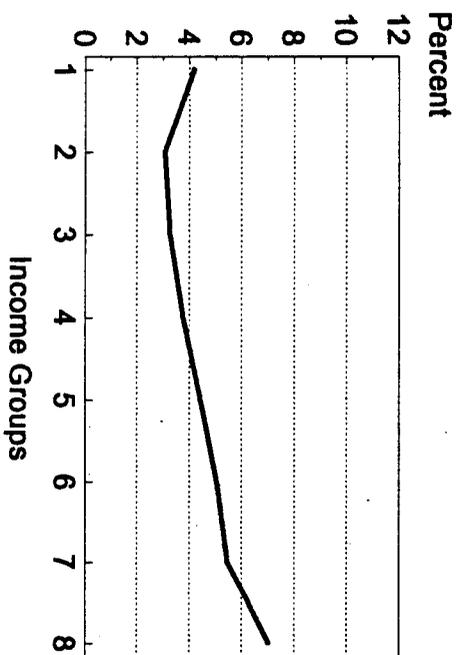
Sales Tax Regressivity



Low Income Sales Tax Credit Reduces The Tax Burden



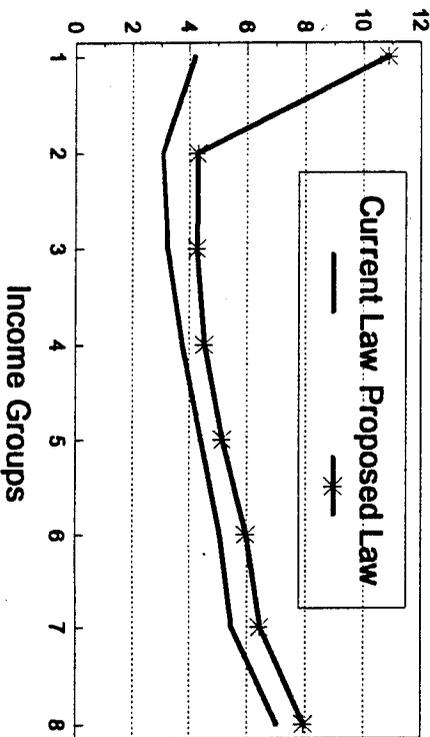
Overall Tax Burden- Current Law



Overall Tax Burden

Current Law Plus The Sales Tax Plus Income Tax Relief

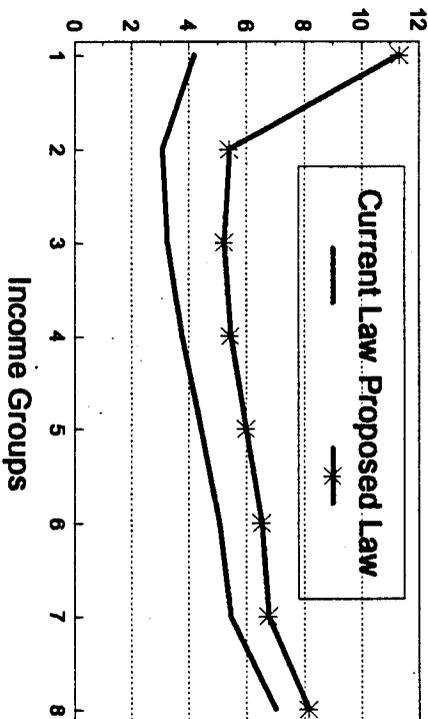
Percent



Overall Tax Burden

Current Law Plus The Sales Tax

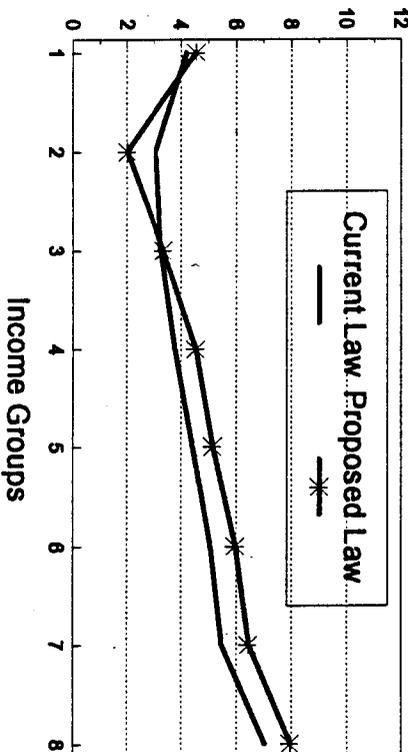
Percent

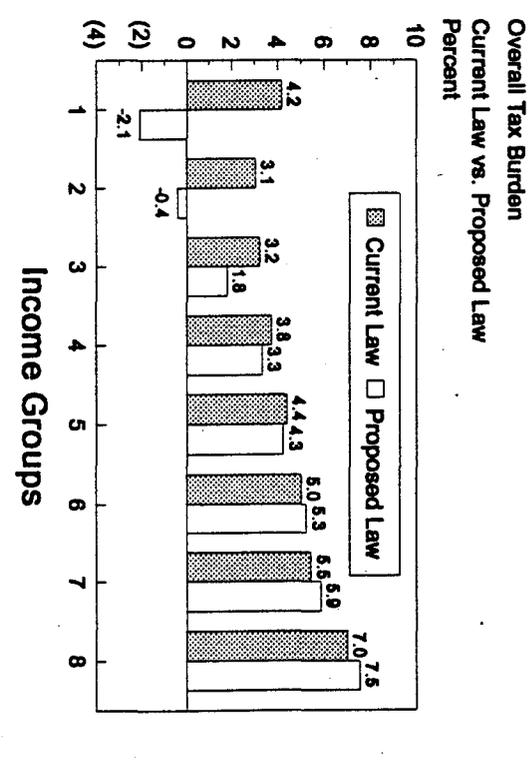
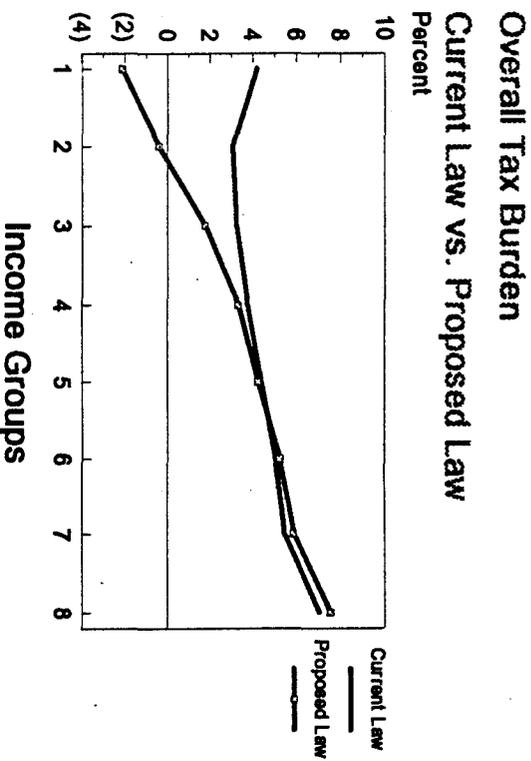


Overall Tax Burden

Current Law Plus The Sales Tax Plus Income Tax Relief and Low Income Sales Tax Credit

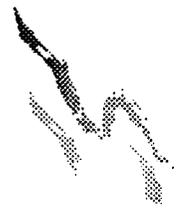
Percent





- ### Tax Reform Impact on Business
- Business Equipment Tax
 - Tax Rate Reduced - 9% to 4.50%
 - Results in a 50% reduction in Taxes
 - For a Tax Savings of

\$34.3 Million



- ### Tax Reform Impact on Business
- Commercial Real Estate
 - \$10,000 Exemption on Improvements
 - Average Savings of \$137 per parcel
 - For a Tax Savings of

\$5.4 Million



**Tax Reform
Impact on Business**

Results in a Total Tax Savings of

\$39.7 Million

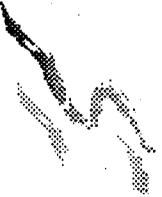


It's Time

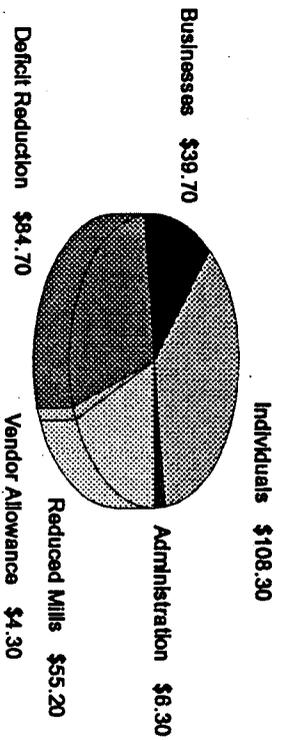
ppk aq - pce

For a New

Beginning



**Allocation of Sales Tax Revenues
Fiscal 1996 - First Full Year of Implementation**



We Need:

- Proactive Leadership
- Statesmanship From All



Montanans Need

- ▣ To be Competitive in the marketplace
- ▣ Fiscal stability



Targeted Tax Reform

Will:

- ▣ Meet Montana's Needs

Now and in the Future



Targeted Tax Reform Provides For:

- ▣ A stable tax system
- ▣ A balanced tax system



Key Reform Elements

- ▣ A 4% Sales Tax
- ▣ Simplified and Reduced

Income Taxes
Residential Property Taxes
Commercial Property Taxes
Business Equipment Taxes



WE

Must

Act

Now!



Together We Can

Create a tax system based

on

Fairness

Stability and

Progressivity

to

Create Jobs and Enhance the

Lives of all

Montanans



Let Us Together

Reinvigorate and Reinvent

Our Tax System

To Provide Essential

Services



It's Time

For a New

Beginning





The Big Sky Country

EXHIBIT 2
DATE 3/25/93
SB 235

MONTANA HOUSE OF REPRESENTATIVES

REPRESENTATIVE GARY MASON

HELENA ADDRESS:
CAPITOL STATION
HELENA, MONTANA 59620

HOME ADDRESS:
1368 AUCTION WAY
CORVALLIS, MONTANA 59828

TESTIMONY

HOUSE BILL 235

Mr. Chairman. Members of the Committee.

What have we done for business of Montana this session.

1. Increased taxes.
2. Increased Workers Comp.
3. Limited Liability Company Act.

I have worked for many years on economic development in this state.

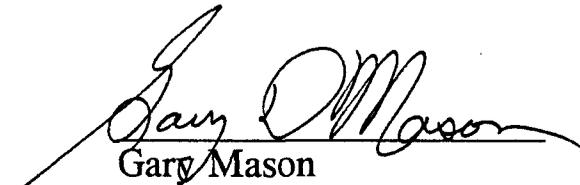
We have many businesses moving out of our state, we need to do more to keep these businesses in this state.

I therefore, would ask that you consider an amendment to bring personal

property to the 3.86% level.

We can try to out-guess whether the sales tax will pass or not.

I would like to send out the best package for the people of Montana. This would help keep business in Montana and maybe let some people working in the economic development area to have some success.



Gary Mason
Representative, HD 63

GM:vn

EXHIBIT 20
DATE 3/25/93
SB 235

Amendments to Senate Bill No. 235
Third Reading Copy

Requested by Rep. Mason
For the Committee on Taxation

Prepared by Lee Heiman
March 25, 1993

1. Page 124, line 13.
Strike: "4.5%"
Insert: "3.86%"

TAX ESTIMATE FOR THE LC 373 SALES TAX PROPOSAL
 (Tax Base Includes Lodging, Utilities; Excludes Food, Other)

January 13, 1993 Draft Proposal

ECONOMIC SECTOR	SIC Code*	ESTIMATED FY 1995 4% Sales Tax (thousands \$)
AMUSEMENT AND RECREATIONAL SERVICES	79	8,608
Dance Studios, Schools, & Halls	791	55
Theatrical Producers, Bands/Orchestras, Other	792	817
Bowling Centers	793	591
Commercial Sports, Including Track Parimutuel Bets	794	32
Gambling, Recreational Clubs, Ski Areas, & Other Rec Services	799	7,112
HEALTH SERVICES	80	0
LEGAL SERVICES	81	9,992
PRIVATE EDUCATIONAL SERVICES	82	2,710
Elementary & Secondary Schools	821	1,151
Colleges, Universities, & Professional Sch.	822	1,115
Libraries	823	31
Vocational Schools	824	196
Other Schools & Educational Services	829	216
SOCIAL SERVICES	83	1,260
Individual & Family Social Services	832	169 ✓
Job Training & Vocational Rehabilitation Serv	833	345 ✓
Child Day Care Services	835	0
Residential Soc. & Personal Care—nonhealth	836	618 ✓
Community/Social Action Groups & Other	839	128 ✓
MUSEUMS, ART GALLERIES, ZOOS, & BOT GARDENS	84	87
Museums & Art Galleries	841	83 ✓
Botanical and zoological Gardens	842	4 ✓
MEMBERSHIP ORGANIZATIONS	86	2,786
Business Associations	861	448 ✓
Professional Membership Organizations	862	135 ✓
Labor Unions & Similar Labor Organizations	863	377 ✓
Civic, Social, & Fraternal Associations	864	1,208 ✓
Political Organizations	865	0
Religious Organizations	866	0
Humane Societies, Art Councils, & Other	869	618 ✓
ENGINEERING, ACCOUNTING, RESEARCH, MGT SERV	87	9,430
Engineering, Architectural, & Surveying Ser	871	3,245
Accounting, Auditing, & Bookkeeping Services	872	2,849
Research, Development, & Testing Services	873	590
Management & Public Relations Services	874	2,745
ARTISTS, WRITERS, SCIENTIFIC CONSULT, OTHER	89	935
Forestry Services	085	147

* Standard Industrial Classification Code

4

EXHIBIT 4
DATE 3/25/93
SB 235

To: Montana House Committee on Taxation
Re: Senate Bill 325

March 25, 1993

Rhone-Poulenc Basic Chemicals: Proposed Amendment to SB235

Mr. Chairman and members of the committee: This is a proposal to amend SB 325 so that Rhone-Poulenc is afforded the same tax treatment as the Columbia Falls Aluminum plant. We understand the motive behind the exception in SB 235 to help the Columbia Falls Aluminum Company and we agree with it. Rhone Poulenc which produces elemental Phosphorous near Butte is in exactly the same position. Electricity is actually consumed in its process and becomes part of its product. 25% of its operating cost is in electricity used in the reduction process". Unfortunately, the present "Columbia Falls exemption" does not accurately describe the Rhone-Poulenc process. Therefore, we now address the Senate third reading copy of the bill, with an amendment that both companies have discussed and agreed to:

The purpose of this amendment is merely to change the description of the exempted process so that it includes the Rhone-Poulenc process and treats Rhone-Poulenc the same as Columbia Falls Aluminum. (Emphasis added).

Page 28, line 6
Following: "electrolytic"
Delete: "deposition"
Insert: "reduction"

Please Note: Officials of Rhone-Poulenc have discussed this change with officials at Columbia Falls Aluminum and both agree to it. We respectfully request your concurrence.

Respectfully submitted,
Ward Shanahan for Rhone-Poulenc
33 So. Last Chance Gulch
Tel:442-8560



Mental Health Association of Montana

An Affiliate of the National Mental Health Association

State Headquarters • 555 Fuller Avenue • Helena, Montana 59601

(406) 442-4276 • Toll-Free 1-800-823-MHAM

EXHIBIT 5
DATE 3/25/93
SB 235

Board Members

President

Dorothy Leonard
Billings

President-Elect

LuAnn McLain
Haure

Vice President

James Dorr Johnson
Butte

Secretary

Mary Piper
Bozeman

Treasurer

Mardi Millons
Helena

Ed Amberg

Warm Springs

Larry Bain

Plentywood

Nona Chambers

Lewisium

Judy Hayhurst

Helena

Maralyn Kailey

Missoula

Jeffrey Krott

Missoula

Phyllis (Burke) MacMillan

Helena

Cliff Murphy

Billings

F. Tom Peterson

Miles City

Mary Alice Rehbein

Lambert

Terry Ripke

Missoula

Connie Skiftun

Helena

Jo Shipman

Lewisium

Craig Simmons

Helena

Richard Traynham

Bozeman

Marilyn Tutwiler

Helena

Eleanor Yurkovich

Great Falls

Executive Director

Joy McGrath

National M.H.A.

Board/Committee

Carroll Jenkins

Helena

Chapters in:

Billings

Daniels County

Great Falls

Pondera County

Sherridan County

Sweet Grass-Stillwater

Counties

TESTIMONY ON SENATE BILL 235

HOUSE TAXATION COMMITTEE

MARCH 25, 1993

Mr. Chairman and members of the committee. I am John Shontz. I am the public policy coordinator for the Mental Health Association of Montana. The mental health association is the oldest mental health consumer group in the state.

I want to focus your attention just briefly on page 21, line 4. Generally services for the care of mental illnesses are treated in the same manner as services for the care of physical illnesses under our tax laws. Is this the case in Senate Bill 235? Can we assume that services related to the treatment of mental illnesses are medical services or services related to the delivery of medical services under Senate Bill 235. Are services delivered by psychologists as well as psychiatrists exempt from this tax. Are community mental health centers as well as physical health clinics exempt from taxation under this bill? We hope so.

Attached to my comments is an amendment to line 11 that includes services for mental illness within the scope of section 13. If the committee agrees that service for the treatment of mental illness is currently included in Section 13 by reference, then the amendment we offer is not necessary. We do ask, however, that with or without an amendment, the legislative history of this bill clearly include the committee's and the therefore the legislature's intent that the treatment of mental illness by outpatient as well as inpatient providers is exempt from the sales and use tax under Section 13 of Senate Bill 235.

Thank you.

A Non-Profit Education & Advocacy Organization

Working for Montana's Mental Health and Victory over Mental Illness

A National Voluntary Health Agency

A Montana Community Shares Agency



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AMENDMENT TO SENATE BILL 235

HOUSE TAXATION COMMITTEE

SENATE SECOND READING COPY

PAGE 21, LINE 11:

ADD: (c) any service reasonably related to the delivery of a medical service :

(i) by or at a community mental health center; or

(ii) by or at the office of a mental health professional or vocational rehabilitation professional,

(iii) services delivered by a mental health facility or a mental health professional are medical services for purposes of this section.

RATIONALE:

This amendment assures that mental health services are exempt from taxation in the same manner as physical health services are exempt from taxation in this bill.

DONEY, CROWLEY & SHONTZ

Ted J. Doney
Frank C. Crowley*
John M. Shontz **
Albert W. Stone, of Counsel ***

Attorneys at Law

Power Block Bldg., Suite 300
Sixth & N. Last Chance Gulch
P.O. Box 1185
Helena, Montana 59624
(406) 443-7018
Fax: (406) 449-8443

EXHIBIT 6
DATE 3/25/93
SB 235

TESTIMONY BEFORE THE HOUSE TAXATION COMMITTEE

SENATE BILL 235

MARCH 25, 1993

Mr. Chairman and Members of the committee. My name is John Shontz. I represent the members of the Rehabilitation Association of Montana. These are the folks who do vocational rehabilitation in Montana public and private worker's compensation programs.

The Association asks that vocational rehabilitation services provided to injured workers under a workers compensation program in Montana be exempted from the sales and use tax in Senate Bill 235. A copy of a proposed amendment is enclosed for your consideration.

Without an exemption, vocational rehabilitation services provided under Montana's Workers' Compensation Act will be subject to the sales and use tax proposed in Senate Bill 235.

If the sales tax is imposed on vocational rehabilitation services, then the vocational rehabilitation providers will have be required to collect the tax from Montana's public and private workers compensation funds. The funds will, of course, be forced to pass the tax on to employers through higher work comp. premiums.

It seems illogical to us to tax services provided to injured workers under the workers compensation as this House yesterday and today struggles to reduce the cost of workers' compensation programs.

I spoke to the sponsor of Senate Bill 235 regarding this matter. It is my understanding that Senator Crippen does not oppose this amendment being placed on the bill.

Thank you.



AMENDMENT TO SENATE BILL 235

HOUSE TAXATION COMMITTEE

SENATE SECOND READING COPY

PAGE 26, LINE 25:

ADD: NEW SECTION Section 32. EXEMPTION -- VOCATIONAL REHABILITATION SERVICES. THE SALE OR USE OF VOCATIONAL REHABILITATION SERVICES PROVIDED UNDER TITLE 39, CHAPTER 71, MONTANA CODE ANNOTATED AND ITS SUCCESSORS IS EXEMPT FROM THE SALES TAX AND USE TAX.

RATIONALE:

Without this exemption, vocational rehabilitation services provided under Montana's Workers' Compensation Act will be subject to the sales and use tax proposed in Senate Bill 235. While an argument can be made that the state fund is a state agency for purposes of the bill (and therefore vocational rehabilitation services provided to clients of the state fund is exempt from the sales tax under section 9), vocational rehabilitation services delivered to claimants covered under private worker compensation insurance carriers and self insurers will absolutely be subject to the tax without this amendment.

EXHIBIT 7
DATE 3/25/93
SB 235

SENATE BILL 235
Remarks by Bob Gannon
March 25, 1993

Mr. Chairman, members of the committee:

My name is Bob Gannon. I am the President of Montana Power Company. I am appearing here today as a proponent of Senate Bill 235 with our amendments, which have been distributed to the committee.

Included in the handout is Chart A, which shows the current tax rate for various classes of property. Please note that the current tax rate for centrally assessed utility property is 12%. This tax rate is four times higher than what some of our competitors pay and at least one-third higher than what our other competitors pay.

Now, if you look at Chart B, you will see a similar comparison based on Senate Bill 235. Here, you will see that centrally assessed utility property is taxed at rates 2 1/2 to 4 times greater than what our competitors pay.

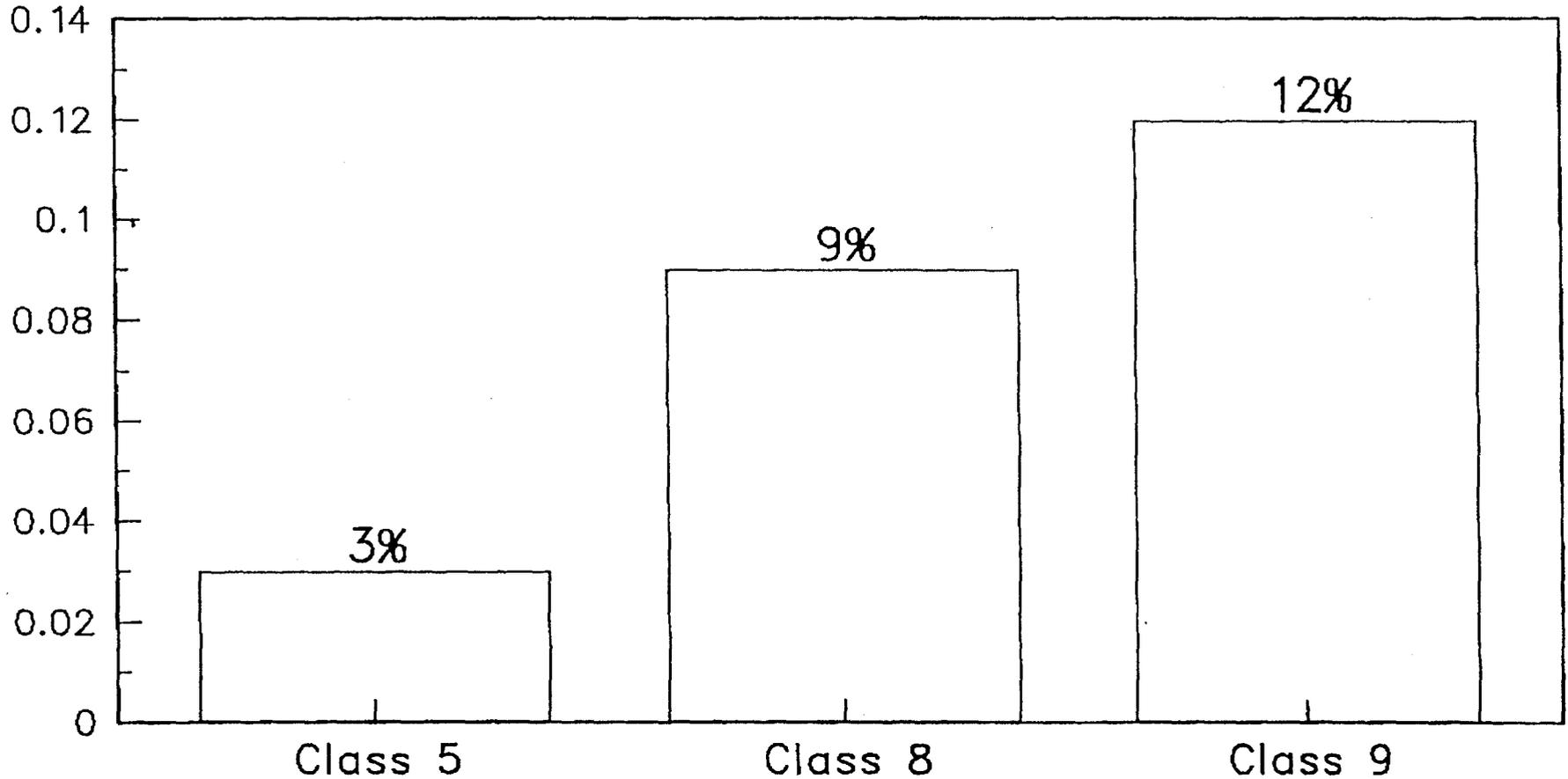
To provide property tax equality for centrally assessed electric and natural gas utility property without reducing the overall tax responsibility of our utility, we are offering the amendments that you have in front of you. Specifically, we are recommending that centrally assessed electric and natural gas utility property be taxed at the rate of 4 1/2%, the same rate as other business property. In addition, we are proposing that the rate of tax on electrical energy production be increased 12.6 times, from \$.0002 per kwh to \$.00252 per kwh.

Let me point out that, as a result of these changes, we estimate that Montana Power's property taxes will decrease by about \$23 million annually and our electrical energy license tax payment will increase by an approximately equal amount (i.e., \$23 million).

We hope that you will look with favor on these amendments, and I appreciate the opportunity to testify.

CHART A

MONTANA PROPERTY CLASSIFICATION RATES PRESENT LAW

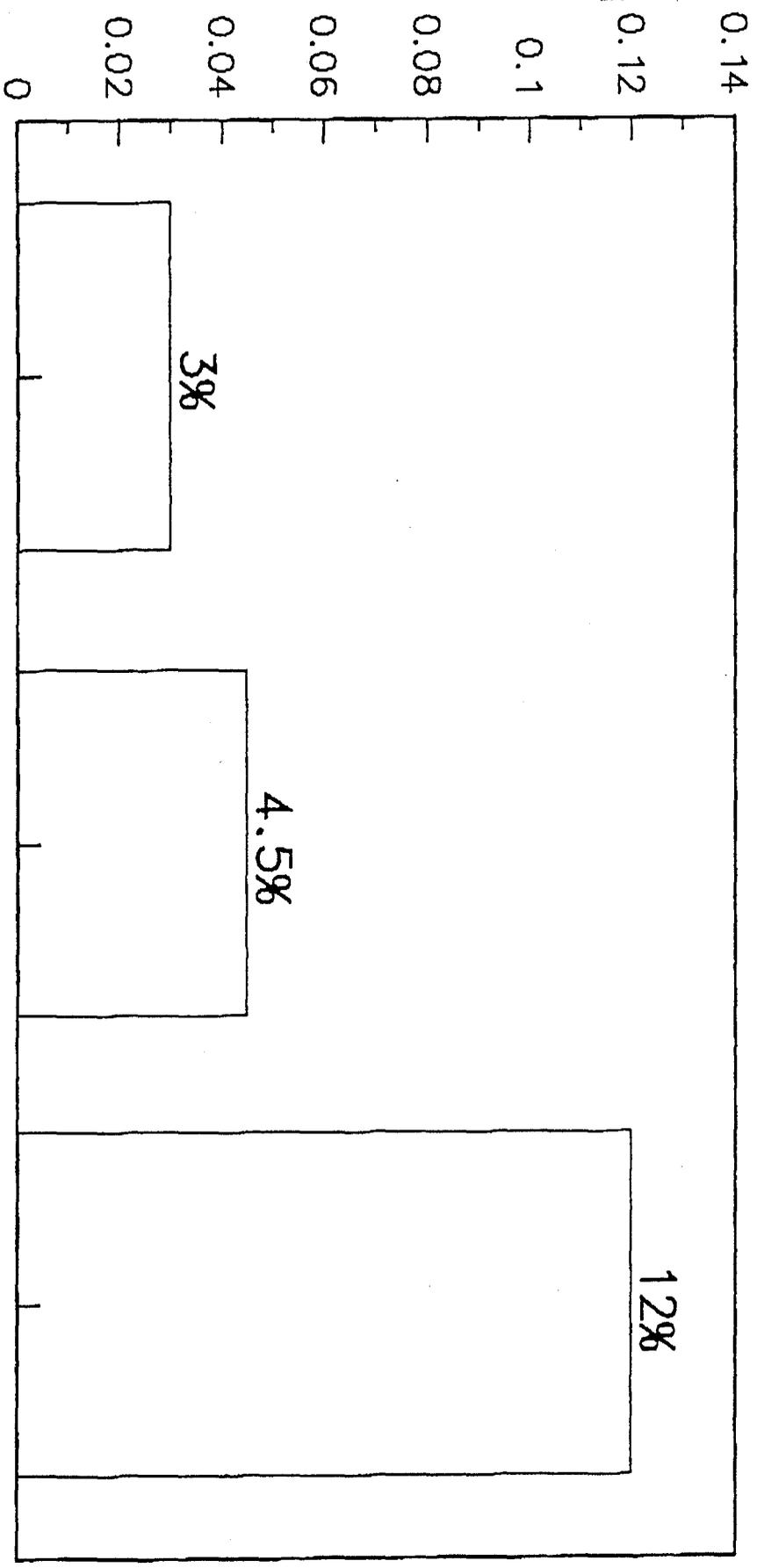


* COOP's
* Pollution
Control Equip.

* Business Property
* Locally Assessed
Gas Companies

* Centrally Assessed
Utility Property
(MPC & Others)

CHART B
 MONTANA PROPERTY CLASSIFICATION RATES
 SENATE BILL 235



- * COOP's
- * Pollution Control Equip.
- * Business Property
- * Locally Assessed Gas Companies
- * Centrally Assessed Utility Property (MPC & Others)

EXHIBIT 7
DATE 3/25/93
SB March 25, 1993

Proposed Amendments For SB 235
(Third Reading Version)
Requested by The Montana Power Company

1. Page 124, line 14.

Add a new Section 118 and renumber subsequent Sections.

NEW SECTION. Section 118. Section 15-6-141, MCA, is amended to read:

"15-6-141. Class nine property -- description -- taxable percentage. (1) Class nine property includes:

~~----- (a) --- centrally assessed electric power companies' allocations, including, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, allocations of properties constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including rural electric cooperatives);~~

~~----- (b) --- allocations for centrally assessed natural gas companies having a major distribution system in this state, and~~

(c) centrally assessed companies' allocations except:

(i) electric power and natural gas companies' property included in class [];

(ii) property owned by cooperative rural electric and cooperative rural telephone associations and classified in class five;

(iii) property owned by organizations providing telephone communications to rural areas and classified in class seven;

(iv) railroad transportation property included in class twelve; and

(v) airline transportation property included in class twelve.

(2) Class nine property is taxed at 12% of market value."

2. Page 124, line 24.

Add a new Section and renumber subsequent Sections.

NEW SECTION. Section []. "Class [] property -- description -- taxable percentage. (1) Class [] property includes:

(a) centrally assessed electric power companies' allocations, including, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, allocations of properties constructed, owned, or operated by a public agency created by the congress to transmit or distribute electric energy produced at privately owned generating facilities (not including rural electric cooperatives); and

(b) allocations for centrally assessed natural gas companies having a major distribution system in this state.

(2) Class [] property is taxed at 4.5% of market value."

3. Page 236, line 10.

Add a new Section 169 and renumber subsequent Sections.

EXHIBIT 7

3/29/93

NEW SECTION. Section 169. Section 15-51-101, MCA, is ~~SB~~ 235 is

amended to read:

"15-51-101. Rate of tax -- electrical energy producers. In addition to the license tax now provided by law, each person or other organization now engaged in the generation, manufacture, or production of electricity and electrical energy in the state of Montana, either through waterpower or by any other means, for barter, sale, or exchange (and hereinafter referred to as the "producer") shall on or before the 30th day after each calendar quarter, quarterly periods ending March 31, June 30, September 30, and December 31, render a statement to the department of revenue showing the gross amount, except for actual and necessary plant use, required to produce the energy of electricity and electrical energy produced, manufactured, or generated during the preceding calendar quarter without any deduction and shall pay a license tax thereon in the sum of ~~\$.0002~~ \$.00252 per kilowatt hour on all such electricity and electrical energy generated, manufactured, or produced, measured at the place of production and as shown on the statement required in the manner and within the time hereinafter provided."

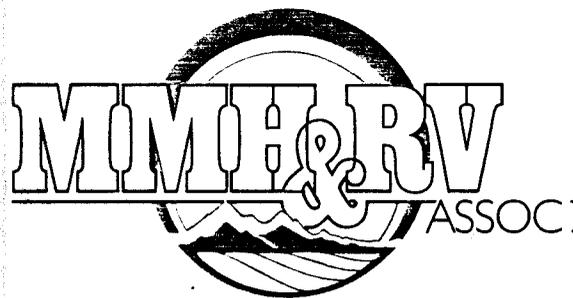


EXHIBIT 8
DATE 3/25/93
SB 235

1215 ELEVENTH AVENUE
P.O. BOX 4396
HELENA, MONTANA 59604
406/442-2164

MONTANA MANUFACTURED HOUSING & RECREATIONAL VEHICLE ASSOCIATION

March 24, 1993

Representative Bob Gilbert, Chair
House Taxation Committee
Capitol Station
Helena, MT 59620

Dear Representative Gilbert,

On behalf of the Montana Manufactured Housing and RV Association I would like to express support for broad based tax reform.

While our board of directors is in support of tax reform there are provisions in SB 235, that we request be amended. They are:

1. The association ask that the provision in SB 235 to impose a sales tax on the sale of all used mobile homes be deleted from the bill. Our position is that a sales tax on a mobile, or manufactured home, should only be collected once and placed on all new units.
2. Secondly, we have concerns with the provision in SB 235 that places the full 4% sales tax on the purchase of a new manufactured home. We request an amendment to exempt the labor cost from the purchase price of a manufactured home and only tax the actual material cost. Similar to other states we request that 54% of the purchase price of a manufactured home be included in the sales tax.

Our goal is to make sure that any sales tax bill treat new manufactured homes the same as new site-built homes by only taxing the costs relating to materials and exempting labor cost.

We welcome any questions you or the committee may have regarding our industry and SB 235.

Sincerely,


Stuart Doggett
Executive Director

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EXHIBIT 9
DATE 3/25/93
SB 235

Proposed Amendment to SB 235
by
Rosebud Energy Corp. and
Billings Generation, Inc.

SECTION _____. Section 15-51-101, MCA, is amended to read:

"15-51-101. Rate of tax -- electrical energy producers. In addition to the license tax now provided by law, each person or other organization, now engaged in the generation, manufacture, or production of electricity and electrical energy in the state of Montana, either through waterpower or by any other means, for barter, sale, or exchange (and hereinafter referred to as the "producer") shall on or before the 30th day after each calendar quarter, quarterly periods ending March 31, June 30, September 30, and December 31, render a statement to the department of revenue showing the gross amount, except for actual and necessary plant use, required to produce the energy of electricity and electrical energy produced, manufacture, or generated during the preceding calendar quarter without any deduction and, other than a qualified facility pursuant to the Public Utility Regulatory Policies Act of 1978 (Title 18 CFR § 292.201-292.207) making a wholesale sale of all of its net production to a regulated utility in Montana pursuant to a contract in existence as of the date of enactment hereof (wholesale generator), shall pay a license tax thereon in the sum of ~~\$.0002~~ \$_____ per kilowatt hour on all such electricity and electrical energy generated, manufactured, or produced, measured at the place of production and as shown on the statement required in the manner and within the time hereinafter provided. A wholesale generator shall only be obligated to pay a license tax in the sum of \$.0002 per net kilowatt hour. The license tax in excess of \$.0002 per kilowatt hour upon generation from a wholesale generator shall be paid by the utility purchaser of such generation as though generated by that purchaser in the calendar month of delivery to the utility by the wholesale generator.

Note:

This amendment is necessary only if SB 235 is amended to increase the electrical energy producers' license tax in 15-51-101, MCA. SB 235 as passed by the Senate does not increase this tax.

ASARCO
 MARCH 22, 1993
 SALES TAX PROPOSALS IMPACT ON TROY UNIT & EAST HELENA SHELTER

EXHIBIT 10
 DATE 3/25/93
 SB 235

Page 1
 Mar 22, 1993

1. SENATE BILL 235 (GOVERNOR'S SALES TAX BILL WITH MARCH 12 AMENDMENTS)

TROY UNIT:

SALES TAX:			PROPERTY TAX:					
EXPENDITURE	AMOUNT	SALES TAX	TAXES	CLASS	MARKET VALUE	MILLS= .236 RATE	TAX VALUE	TAX
UTILITIES	\$2,005,021	4.0%	\$80,201	2	\$51,360,733	.03	\$1,540,822	\$363,572
FUEL	\$641,620	4.0%	\$25,665	4	\$5,604,474	.04	\$224,179	\$52,897
SUPPLIES	\$10,676,527	4.0%	\$427,061	5	\$4,335,725	.03	\$130,072	\$30,692
REAGENTS	\$233,677	.0%	\$0	8	\$21,048,712	.045	\$947,192	\$223,499
SERVICES	\$958,412	4.0%	\$38,336	TOTAL	\$82,349,644		\$2,842,265	\$670,661
CAPTL EXP	\$463,735	4.0%	\$18,549					
TOTAL			\$589,813	OLD=	\$988,475	NEW=	\$670,661	DIFF= \$-317,814

TROY UNIT NET CHANGE IN TAXES = \$271,998

EAST HELENA SHELTER:

SALES TAX:			PROPERTY TAX:					
EXPENDITURE	AMOUNT	SALES TAX	TAXES	CLASS	MARKET VALUE	MILLS= .410 RATE	TAX VALUE	TAX
UTILITIES	\$2,535,000	4.0%	\$101,400	4	\$12,576,027	.04	\$503,041	\$206,192
FUEL	\$1,101,000	4.0%	\$44,040	5	\$17,401,928	.03	\$522,058	\$213,986
SUPPLIES	\$4,720,000	4.0%	\$188,800	8	\$14,237,941	.045	\$640,707	\$262,620
REAGENTS	\$1,633,000	.0%	\$0	TOTAL	\$44,215,896		\$1,665,806	\$682,797
SERVICES	\$614,194	4.0%	\$24,568					
CAPTL EXP	\$3,683,000	4.0%	\$147,320					
TOTAL			\$506,128	OLD=	\$1,017,648	NEW=	\$682,797	DIFF= \$-334,851

EAST HELENA NET CHANGE IN TAXES = \$171,277

TOTAL NET CHANGE IN ASARCO TAX \$443,275

+ 49.9% at Montana Resources 230,039

Total ASARCO 673,314



Executive Office
318 N. Last Chance Gulch
P.O. Box 440
Helena, MT 59624
Phone (406) 442-3388

EXHIBIT 11
DATE 3/25/93
SB 235

TESTIMONY
MARCH 25, 1993
ROOM 325
8:30 A. M.
SB 235

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

FOR THE RECORD, I AM CHARLES BROOKS EXECUTIVE VICE PRESIDENT OF THE MONTANA RETAIL ASSOCIATION.

FOR A NUMBER OF YEARS THE MONTANA RETAIL ASSOCIATION HAS BEEN AN ADVOCATE FOR COMPREHENSIVE OVERHAUL OF OUR TAX SYSTEM, WITH A SALES TAX BEING ONE OF THE COMPONENTS. THE BILL BEFORE YOU GOES A LONG WAY IN ACCOMPLISHING THIS OVERHAUL.

LAST FALL WE CONDUCTED A POLL OF OUR MEMBERSHIP ON THIS ISSUE AS WELL AS OTHER ISSUES. THE RESULTS OF THAT POLL IS ATTACHED FOR YOUR REVIEW. YOU WILL NOTE 63% OF THOSE THAT RESPONDED STATED THEY WOULD SUPPORT A SALES TAX PROVIDED THAT THE LEGISLATION GAVE TAX RELIEF IN PROPERTY AND INCOME TAXES. THIS BILL APPEARS TO ACCOMPLISH THIS RELIEF.

THERE ARE SEVERAL CONCERNS ABOUT THE BILL WHICH WE WOULD LIKE TO EXPRESS AT THIS TIME. SECTION 46 VENDOR ALLOWANCE. I HAVE ATTACHED TO MY TESTIMONY A SURVEY BY THE NATIONAL ACCOUNTING FIRM OF PRICE WATERHOUSE, WHICH INDICATES THE COST TO RETAILERS TO COLLECT SALES TAX AVERAGES 3.48% OF THE TAX COLLECTED. WE RETAILERS FIND THE VENDOR ALLOWANCE IN THIS BILL TO BE UNACCEPTABLE. THEREFORE, WE ASK THAT YOU CAP THE MONTHLY ALLOWANCE AT \$150.00 RATHER THAN THE \$100.00 AS SHOWN IN THE BILL.

THIS BILL AS IT IS CURRENTLY STRUCTURED DOES NOT TAX NEWSPAPER ADVERTISING. WE URGE YOU NOT TO TAX NEWSPAPER ADVERTISING, AS THIS IS A TAX THAT IS PASSED ALONG TO RETAILERS AND IS A LARGE PART OF OUR OPERATING EXPENSES.

WE ASK YOU TO SUPPORT SB 235 WITH A DO PASS, WITH THE ABOVE CONSIDERATIONS.

THANK YOU FOR THIS OPPORTUNITY TO PRESENT THIS TESTIMONY.

Price Waterhouse

EXHIBIT 11
DATE 3/29/93
SB 237

August 30, 1990

Mr. William Kay Daines
Vice President
American Retail Education Foundation
1616 H Street, NW
Washington, DC 20006

Dear Mr. Daines:

We are pleased to submit the final report for the Study to Estimate the Costs of Collecting State and Local Sales and Use Tax. We believe that the national cost estimate contained in this report allows a direct comparison between retailers' costs of complying with sales and use tax laws and the compensation currently granted by state and local governments.

In addition to the current cost estimate, the computer model that generated this result should prove to be a valuable tool for future analysis. Because its parameters can be easily changed, the model provides a framework for future studies at the state and local level.

We wish to express our appreciation to those firms and individuals that participated in the study. Special gratitude is also due to the members of the steering committee for their guidance, availability, and responsiveness at all phases -- from initial planning to reviewing the final report.

If you have any questions regarding any aspect of the report or study, please call Dr. Fredric Laughlin at (202) 296-0800.

Very truly yours,

Price Waterhouse

EXECUTIVE SUMMARY

A. Background and Purpose

Retailers in 46 states are required to collect sales and use taxes from their customers on behalf of state and local governments. To comply with the state and local tax regulations, retailers must expend time and resources collecting and remitting the taxes and documenting their compliance. Some states (28) provide a collection allowance to compensate retailers for undertaking the tax collection and remittance responsibility. However, other states (18) do not attempt to compensate retailers for their costs. In determining whether or not to grant a collection allowance (or set its level), state and local legislatures often require compelling evidence of the costs retailers incur in complying with sales and use tax laws.

Past studies that examined this issue have shown that the collection allowance granted by state and local governments has been well under the amount needed to cover retailer's costs. Although these studies used different approaches and examined different states, they indicated that retailers were being undercompensated for their services.

Over the past decade, trends in retailing and tax collection have affected retailers' costs. For example, improved technology has allowed retailers to collect and remit sales tax to governments more efficiently. What may not be so apparent, however, are trends that have added to the time and resources a firm must expend, e.g.:

- o electronic payments,
- o advanced payments,

American Retail Education Foundation

- o changing tax bases and rates, and
- o an increasing number of taxing jurisdictions (presently over 7,000 nationwide).

In response to these changing retail and tax collection trends, the American Retail Education Foundation (AREF) commissioned Price Waterhouse (PW) to develop a new cost estimate. Unlike previous studies which focused on individual states, the goal of this study was to develop a nationwide average cost estimate for retailers.

B. Approach

To develop the nationwide cost estimate, PW collected data from retailers in all 46 states with a state sales tax. Two approaches were used to collect this data:

- o On-Site Interviews -- collected detailed data from 45 retailers in 18 states concerning the costs that retailers incur in collecting and remitting sales tax. From this data, PW estimated the overall cost to the firm and identified the key factors influencing those costs (e.g., type of point of sale (POS) equipment and frequency of audits).
- o Mail Survey -- conducted a mail survey of 5,000 retailers concerning the key factors identified in the on-site interviews. Based on the responses, PW developed a distribution of retailers in each state (e.g., percentage of retailers that have scanner POS equipment, percentage of retailers that were audited last year).

The data collected from the on-site interviews and mail survey, along with published government retail population data, was used as input to a PC-based computer model. The model contains mathematical equations that calculate the cost associated with each activity and expense that a retailer must make in collecting, reporting, remitting, and documenting sales tax. By summing the outputs of the model, we

developed the national average cost estimate.

C. Results

The analysis yielded a national average cost estimate of 3.48 percent of total sales tax liability. This means that, on the average, for every \$100 of sales tax a retailer collects and remits, it costs \$3.48. To help assess the accuracy of this estimate, PW developed a confidence interval that summarizes the error attributable to random sampling for the data collected through the mail survey. The calculation yielded a 95 percent confidence interval of +/- 0.28 percent around the 3.48 percent estimate (i.e., a confidence interval of 3.20 percent to 3.76 percent).

PW's confidence interval calculation only reflects the effect of random sampling for the mail survey portion of the data collection effort. The analysis assumes that the cost to collect sales tax for an individual retailer (the output of the model) is accurate. These cost estimates rely in large part on information collected during the site visits. As such, they are subject to certain non-sampling errors, which cannot be measured statistically, but which were estimated from PW research and professional judgement.

The 3.48 percent national estimate is consistent with the estimates of previous state-based studies, even though the earlier studies differed in approach and timeframe. Thus, even with today's more efficient equipment (e.g., sophisticated POS terminals), the average retailer's cost of collection and remittance is still substantially greater than the amount they are compensated.

1. What is your vision for Montana?

Re:
Education

EXHIBIT # 11
DATE 3-29-93
SB-235

see Attached Summary

Environment

see Attached Summary

Business climate

see Attached Summary

Jobs

see Attached Summary

2. Do you feel business taxes are adequate to support state government?

100 yes 3 no no ans

3. Do you feel personal taxes are adequate to support state government?

101 yes 3 no no ans

4. The expenditures of state government are exceeding tax revenues.

Would you:

Cut spending and increase taxes 14 yes 45 no 45 no ans

Increase taxes 3 yes 55 no 46 no ans

Cut spending 96 yes 1 no 7 no ans

5. How would you address the following?

	Cuts	Additional funding	no ans
State government in general:	<u>94</u>	<u>1</u>	<u>9</u>
Public welfare:	<u>88</u>	<u>2</u>	<u>14</u>
University system:	<u>43</u>	<u>24</u>	<u>35</u>
Public Schools:	<u>38</u>	<u>26</u>	<u>40</u>
Vo-techs:	<u>27</u>	<u>37</u>	<u>40</u>
Community colleges:	<u>42</u>	<u>24</u>	<u>38</u>
County government:	<u>70</u>	<u>7</u>	<u>27</u>
City government:	<u>64</u>	<u>8</u>	<u>32</u>
Health care	<u>37</u>	<u>23</u>	<u>44</u>
Corrections	<u>38</u>	<u>23</u>	<u>42</u>

6. Do you feel the state of Montana needs tax reform?

94 yes 6 no 4 no ans

7. Would you support the enactment of a sales tax?

63 yes 33 no 8 no ans

8. Should a sales tax be enacted to address:
 Current shortfalls
 Additional funding for existing and added state funded programs

51 yes 47 no 6 no ans

16 yes 72 no 16 no ans

9. If a sales tax were to become law, would you prefer:

To relieve existing personal income taxes

75 yes 14 no 15 no ans

To relieve existing property taxes

83 yes 12 no 9 no ans

To eliminate personal property taxes (furniture, fixtures, etc.)

67 yes 18 no 19 no ans

10. Should the revenue from the Coal Trust Fund be tapped?

71 yes 20 no 13 no ans

To rebuild municipal water, sewer systems and other infrastructures

65 yes 8 no 31 no ans

Other (name) _____

Should the revenues be:
 loaned and repaid

48 yes 14 no 42 no ans

given and not repaid

33 yes 30 no 41 no ans

11. Workers' Compensation:

Rates should be raised

6 yes 73 no 25 no ans

Should be sold to a private insurance company

65 yes 18 no 21 no ans

Place a cap on settlements

97 yes 4 no 3 no ans

EXHIBIT # 11

DATE 3-29-93

SB-235

ATTACHED YOU WILL FIND A COPY OF THE RESULTS OF ~~THE RECENT SURVEY~~ MAILED TO OUR MEMBERS. 26% OF THOSE RECEIVING THIS SURVEY REPONDED AND WE APPRECIATE THEIR COOPERATION. I THOUGHT YOU MIGHT APPRECIATE READING SOME OF THE RESPONSES TO THE FIRST QUESTION, THEREFORE BELOW IS A SAMPLING OF ANSWERS TO QUESTION NO. 1

"WHAT IS YOUR VISION FOR MONTANA?"

RE:

EDUCATION

"STREAMLINE SYSTEM. MERGE INTO A TRUE UNIVERSITY SYSTEM. ELIMINATE DUPLICATIONS AND CUT SOME UNNECESSARY PROGRAMS,"

"WE NEED TO CUT ADMINISTRATIVE COSTS AND MOVE TO CONSOLIDATE SCHOOLS FROM ELEMENTARY THROUGH COLLEGE AND UNIVERSITY SYSTEM."

"I FEEL EDUCATION IN MONTANA IS WELL FINANCED. STAFF IS TOP HEAVY AND WE SHOULD HAVE ONE UNIVERSITY PRESIDENT AND ADMINISTRATORS AT OTHER UNITS. DEPARTMENT OF HIGHER EDUCATION SHOULD BE DISBANDED AND A FIVE MEMBER COMMISSION APPOINTED."

"EDUCATION OF OUR CHILDREN IS OUR FUTURE, KEEP IT SOUND FINANCIALLY."

ENVIRONMENT

"WE ALL WANT A GOOD ENVIRONMENT, BUT PROGRESS DOES NOT HAVE TO ENDANGER ENVIRONMENT....." WE DO NOT NEED ANYMORE WILDERNESS, WE NEED MORE JOBS."

"WE NEED A BALANCE OF JOBS AND ENVIRONMENT. WE DO NOT NEED EXTREMISTS ON BOTH SIDES."

"OUR ENVIRONMENT SHOULD BE PROTECTED, BUT NOT AT THE EXPENSE OF JOBS AND OUR ECONOMIC STABILITY."

BUSINESS CLIMATE

"WE NEED TO GET THE WORKERS COMP. PROBLEM HANDLED - WE NEED TO TEACH FREE ENTERPRISE IN THE SCHOOL SYSTEM."

"MONTANA IS EXTREMELY HOSTILE TOWARDS SMALL BUSINESSES. THE STATE GOVERNMENT HAS TO REALIZE WE NEED TAX RELIEF OR SMALL BUSINESSES WILL DRY UP AND BLOW AWAY."

"TEACH PEOPLE PROFIT IS NOT A DIRTY WORD."

"WE NEED TO STOP THE OUTFLOW OF BUSINESSES TO OTHER STATES. STOP CATERING TO THE WORKERS COMP PROGRAM AND THE LEGAL INDUSTRY THAT IT SUPPORTS."

JOBS

"A POSITIVE ECONOMIC CLIMATE SHOULD BE ENCOURAGED THROUGH LESS GOVERNMENT REGULATIONS AND NO NEW TAXES. GOVERNMENT DOES NOT CREATE JOBS, BUSINESSES DO. TAX AND SPEND POLICIES ONLY PUSH JOBS FROM MONTANA TO OTHER STATES."

"IF WE CHANGE GOVERNMENT TO LIVE WITHIN ITS REVENUE, BUSINESS WILL GROW AND JOBS WILL FOLLOW."

SB 235
House Taxation Committee
March 25, 1993
U S WEST Testimony

EXHIBIT 12
DATE 3/25/93
SB 235

Chairman Gilbert and members of the Committee. My name is Dan Walker. I represent U S WEST Communications.

I am pleased to appear before you today in support of tax reform. Senate Bill 235 contains the elements of tax reform for Montana and we believe that we will all benefit in the long run. We are particularly pleased to see that this bill will provide for an expanded tax base, property tax relief, and some elements of property tax equalization.

A number of amendments were proposed to Senate Bill 235 in the Senate. Can Senate Bill 235 be improved further? Yes, we believe that it can. Further, we believe that we should participate in that effort.

Our primary concern is that our future system of taxation recognize the changes in our industry. Montana's tax policy should ensure that all providers of telecommunications service compete fairly. The resulting competitive marketplace will enable our Montana customers to be competitive in the worldwide information services industry.

To be specific, we believe that the Telephone License Tax should be abandoned. The Telephone License Tax was first enacted in 1937 and reflected the thinking at a time when there was only one telephone company.

The sales tax that U S WEST will pay on our purchases will nearly offset the Telephone License Tax revenue. The additional revenue from the proposed sales tax on telephone service to business customers will more than replace the lost revenue.

U S WEST would also proposed changes in the property tax that we pay. We believe that the disparity between other property tax rate classes and the centrally assessed rate of taxation cannot be sustained over time. If this disparity is maintained, Montana's residents will be handicapped with higher costs for telephone service than the residents of our neighboring states. Further, this cost disparity could be expected to be greater in rural areas.

We look forward to working with the Committee. Thank you. I will be available for questions.



MONTANA PETROLEUM ASSOCIATION
A Division of the
Rocky Mountain Oil and Gas Association

13

Helena Office
 2030 11th Avenue, Suite 23
 Helena, Montana 59601
 Phone (406) 442-7582
 Fax (406) 443-7291

Janelle K. Fallan
 Executive Director

EXHIBIT 13
 DATE 3/29/93
 SB 235

Billings Office
 The Grand Building, Suite 510
 P.O. Box 1398
 Billings, Montana 59103
 Phone (406) 252-3871
 Fax (406) 252-3271

NEW SECTION

FOLLOWING SECTION 10, PAGE 19:

Exemption -- manufacturing and processing utility services. The sale of electricity, natural gas, water and other ~~fuels~~ and utilities directly consumed in producing, manufacturing ^{refining} or processing a product or commodity is exempt from the sales and use tax.

Section 22, page 24, add subsection (3):

(3) Minerals used by the producer of the mineral for purposes of exploring for, producing or transporting minerals are not taxable under Section 2 of this act.

Sales Tax Treatment of Charitable Organizations by the 50 States

EXHIBIT 14

STATE	EXEMPT FROM SALES TAX	NOT EXEMPT FROM SALES TAX	HOW CHARITABLE ORGANIZATIONS DEFINED ¹	DATE 3/25/93 TYPE OF TAX TREATMENT ²
Alabama	X		AL Reg 40-23	C, D, E, F, H, I
Alaska	NO STATE	SALES TAX		
Arizona	X		AZ Sec 42*	C, H, J, K, L
Arkansas	X		AR Reg GR-39*	A, B, H
California	X		CA RTC Sec 6375	A, B, C, F, Q, U
Colorado	X		CO Sec 39-26-102*	A, C, E, U
Connecticut	x		CT Reg 12-426-15*	A, B, C, E
Delaware	NO STATE	SALES TAX		
District of Columbia	X		Fed IRC 501(c)(4)	A, U
Florida	X		Fed IRC 501(c)(3)	A, B, D, E, F, H
Georgia	X		GA Reg 560*	B, C, E, J
Hawaii	X		HI Sec 237-23	C, U
Idaho	X		Id Reg 22, 6*	B, C, E, F, U
Illinois	X		IL Reg 130.2005	A, B, C, E, I, J, U
Indiana	X		IN Sec 6-2	A, B, C, D, E, L, U
Iowa	X		IA Sec 422	A, B, C, D, E, F, G, M, U
Kansas	X		KS Sec 79-3606	C, E, M, U
Kentucky	X		Fed IRC Sec 501(c)(3)	A, B, E, U
Louisiana	X		LA Sec 47:305	I, J, U
Maine	X		36 ME Sec 1760	B, C, D, E, F, J
Maryland	X		MD TGA Sec 11	A, B, E, J, U
Massachusetts	X		64H MA Sec 6(c)*	A, C, U
Michigan	X		MI Rule R205	A, B, C, H, J
Minnesota	X		MN Rule 8130.6200	A, B, C, E, H, J
Mississippi	X		MS Sec 27-65	B, E, J, M, U
Missouri	X		MO Sec 144.030*	A, B, D, U
Montana	NO STATE	SALES TAX		
Nebraska	X		NE Reg 1-090.03	B, C, U

STATE	EXEMPT FROM SALES TAX	NOT EXEMPT FROM SALES TAX	HOW CHARITABLE ORGANIZATIONS DEFINED ¹	TYPE OF TAX TREATMENT ²
Nevada	X		NV Reg 372.700	A, B, C, U
New Hampshire	NO STATE	SALES TAX		
New Jersey	X		NJ Rules 18:24	A, B, D, E, U
New Mexico	X		Fed IRC 501(c)(3)	A, B, C, J, U
New York	X		NY Regs 529.4	A, B, C, D, E, U
North Carolina		X	NC Sec 105-164	
North Dakota	X		ND Rule 81-04*	C, D, E, F, I
Ohio	X		OH Sec 5739*	A, B, C, D, E, F, G, J, L
Oklahoma	X		Fed IRC 501(c)(3)	B
Oregon	NO STATE	SALES TAX		
Pennsylvania	X		61 PA Reg Sec 32.21	A, B, C, D, F, U
Rhode Island	X		RI Reg SU91-135	A, B, C, E
South Carolina		X	Fed IRC 501(c)(3)	
South Dakota	X		Fed IRC 501(c)(3)	B, C, E
Tennessee	X		Fed IRC 501(c)(3)	A, B, C, E, J, U
Texas	X		TX Rule 3.344*	A, B, C, E, U
Utah	X		UT Rule R865	A, B, U
Vermont	X		Fed IRC 501(c)(3)	A
Virginia	X		Fed IRC 501(c)(3)	B, C, E, F, J, M
Washington		X	Fed IRC 501(c)(3)	
West Virginia	X		WV Sec 11-15-9*	A, B, D, E, U
Wisconsin	X		WI Reg 11.35	A, B, D, E, U
Wyoming	X		WY 39-6	A, B, C, J, U

¹ Where a state uses both state law and federal law (e.g. Section 501(c)(3)) of the Federal Internal Revenue Code, that fact will be indicated with an asterisk *.

² A legend for the type of tax treatment appears on the back of this sheet.

EXHIBIT # 14
DATE 3-25-93
SB-235

LEGEND

- A. Exemption for all non-profit charitable organizations
- B. Exemption for all religious organizations
- C. Special exemption for hospitals and health care facilities
- D. Special exemption for research or scientific facilities
- E. Special exemption for educational institutions
- F. Special exemption for relief agencies
- G. Special exemption for arts organizations
- H. Special exemption for veterans' groups
- I. Special exemption for fairs
- J. Special exemption for elderly or senior citizen groups/nursing homes
- K. Special exemption for handicapped training facilities
- L. Special exemption for libraries
- M. Special exemption for museums
- U. Item or service purchased must be used for tax exempt purpose

EXHIBIT 15
DATE 3/25/93
SB 235

Proposed Amendments to SB 235

Prepared by Katharine Donnelley

March 25, 1993

(1) Page 26, following line 24, insert:

"Nontaxability - Exempt Organizations. All sales to or uses by an organization that qualifies for an exemption from taxation under the provisions of section 501(c)(3) of the United States Internal Revenue Code of 1986 (as amended) are nontaxable if

(a) such sales or uses are employed in furtherance of the buyer's tax exempt purpose or purposes; and

(b) the buyer delivers a nontaxable transaction certificate to the seller in the case of a sale."

House Taxation Committee

EXHIBIT 15a (10/2)
DATE 3/25/93
SB 235

ALABAMA—Taxability of Persons and Transactions

2941

¶ 11-800AL Nonprofit Organizations, Private Schools, and Churches

Authority: AL Secs. 40-23-4(a)(19), (a)(23), and (a)(43), 40-23-5(a)—(n), 40-23-62(26); AL Regs. 810-6-2-.12.05, 810-6-3-.07.05, 810-6-3-.32.05. Alabama law does not provide a general exemption from sales tax for charitable and nonprofit organizations, but rather exempts from payment of state, country, or municipal sales tax those specific activities or organizations that appear on the following list:

- Bingo receipts from games conducted by qualified nonprofit organizations (AL Sec. 40-23-4(a)(43));
- Blind vendors meeting statutory requirements (AL Sec. 40-23-5(h) and (i));
- Canteens operated by Bryce and Searcy hospitals and Partlow state school (AL Sec. 40-23-4(a)(19));
- Chilton County rescue squad (AL Sec. 40-23-5(b));
- County public hospital associations and branches (AL Sec. 40-23-5(m));
- Cystic fibrosis research foundation, Alabama chapter, and Jefferson tuberculosis sanatorium (AL Secs. 40-23-4(a)(23), 40-23-62(26));
- Diabetes Trust Fund, Inc.; Alabama branches (AL Sec. 40-23-5(a));
- Elks Club, B.P.O.E., No. 1887, excepting bar or dining room operation (AL Sec. 40-23-5(j));
- Eye Foundation, Alabama branches (AL Sec. 40-23-5(l));
- Federation of Women's Clubs, Alabama (AL Sec. 40-23-5(f));
- Food distributed by Christian Service Mission (AL Sec. 40-23-5(n));
- Goodwill Industries, Alabama and Birmingham (AL Sec. 40-23-5(c) and (e));
- Grand Chapter of all Orders of the Eastern Star (AL Sec. 40-23-5(d));
- King's Ranch, Inc. (AL Sec. 40-23-5(k));
- National Conference of State Legislatures, Council of State Governments (AL Sec. 40-23-5(g));
- Sight Conservation Association, Alabama (AL Sec. 40-23-5(c));
- South Alabama State Fair Association Southeastern Livestock Exposition, Alabama (AL Sec. 40-23-5(d));
- Veterans' groups: American Legion; state headquarters; American Veterans of World War II, Korea, and Vietnam; Disabled American Veterans; Veterans of Foreign Wars (AL Sec. 40-23-5(c));

A regulation lists additional organizations that have been held exempt by special Acts of the Legislature (AL Reg. 810-6-3-.07.05).

Purchases by nonprofit organizations, however, including those that are federally funded, are subject to sales tax with the exception of purchases by a historical preservation authority (AL Regs. 810-6-2-.12.05, 810-6-3-.32.05).

● Private schools

Authority: AL Reg. 810-6-3-.47.02

Sales of property to private schools are specifically exempt from sales and use taxes (AL Reg. 810-6-3-.47.02). "Private schools" are defined by regulation as privately owned institutions offering conventional and traditional courses of study. The term includes kindergartens but does not include nurseries or day care centers.

Multistate Sales Tax Guide

¶ 11-800AL

Original available at Historical Society

EXHIBIT 150 (2012)
DATE 3/25/93
SB 239

¶ 11-800NY Nonprofit Organizations, Private Schools and Churches

Authority: 60 NY Secs. 1115, 1116; NY Reg. 529.5
Sales or amusement charges by or to certain entities, as well as any use or occupancy by such entities, are exempt from tax (60 NY Sec. 1116). Those non-taxable entities include:

- (1) the United Nations or any international organization of which the U.S. is a member, as well as diplomatic missions and diplomatic personnel, where such entity or person is the purchaser, user or consumer or sells services or property of a kind not ordinarily sold by private persons (60 NY Sec. 1116; NY Reg. 529.5);
- (2) any corporation, association, trust, community chest, fund or foundation organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes or to foster national or international amateur sports competition (but only if part of its activities involve the provision of athletic facilities or equipment) or for the prevention of cruelty to children or animals; provided that (a) no part of the net earnings of such entity inures to the benefit of any private shareholder or individual, (b) no substantial part of the activities of such entity is carrying on propaganda or otherwise attempting to influence legislation (except as otherwise provided in IRC Sec. 501(h)) and (c) the entity does not participate in or intervene (including the publishing or distributing of statements) in any political campaign on behalf of a candidate for public office (60 NY Sec. 1116); and
- (3) a post or organization of past or present members of the U.S. Armed Forces or an auxiliary unit or society of or trust or foundation for any such post or organization, provided that: (a) it is organized in New York State, (b) has at least 75% of its membership comprised of past or present members of the U.S. Armed Forces and substantially all of its remaining membership comprised of cadets or spouses, widows or widowers of past or present members of the U.S. Armed Forces or of cadets, and (c) no part of its net earnings inures to the benefit of any private shareholder or individual;
- (4) a not-for-profit health maintenance organization (HMO) subject to the provisions of Article 44 of the Public Health Law; and
- (5) any cooperative and foreign corporation doing business in New York State pursuant to the Rural Electric Cooperative Law.

For further details (including definitions and qualifications for exemption), see NY Regs. 529.4—529.8 and 529.10.

See "Government Transactions" at ¶ 10-100NY, concerning the exemption for the U.S., New York State and public educational institutions.

Qualified amateur sports organizations: The requirement that no part of the activities of an organization organized to foster national or international amateur sports competition involve the provision of athletic facilities or equipment does not apply to "qualified amateur sports organizations (60 NY Sec. 1116)." A "qualified amateur sports organization" is as an organization organized and operated exclusively to foster national or international amateur sports competition, which organization is also organized and operated primarily to conduct national or international competition in sports or to support and develop amateur athletes for national or international competition in sports.

Volunteer fire companies: As an exempt organization, a volunteer fire company is not subject to the New York state and local sales and use taxes upon its purchases of tangible personal property and services or upon hotel rents and amusement charges properly paid by it (TSB-M-78(6)S). A volunteer fire company must, however, claim exemption by filing an Exempt Organization Certificate (Form ST 119-2) with the State Tax Bureau in accordance with the instructions on the form. Once the volunteer

And purchaser must pay sales tax before applying for certificate of title. Where a party fails to make an application for a new certificate of title within ten days as required by law and fails to pay the sales tax and the fees due within that time, he is prevented from acquir-

ing any right, title, or interest in the motor vehicle involved. *Codding v. Jackson*, 132 Colo. 320, 287 P.2d 976 (1955).

Statute as basis for jurisdiction. See *Shaw v. Aurora Mobile Homes & Real Estate, Inc.*, 36 Colo. App. 321, 539 P.2d 1366 (1975).

To:
Steve Wade

39-26-114. Exemptions - disputes - credits or refunds. (1) (a) There shall be exempt from taxation under the provisions of this part 1 the following:

(I) All sales to the United States government and to the state of Colorado, its departments and institutions, and the political subdivisions thereof in their governmental capacities only;

(II) All sales made to charitable organizations, in the conduct of their regular charitable functions and activities;

(III) All sales which the state of Colorado is prohibited from taxing under the constitution or laws of the United States or the state of Colorado and all retail sales within a distance of twenty miles within the boundaries of this state to persons resident, excluding corporations, of adjoining states, which adjoining states do not impose or levy a retail sales tax on such sales, if such residents of such adjoining states are in this state for the express purpose of making purchases and not as tourists;

(IV) All sales of cigarettes;

(V) (A) All sales of drugs dispensed in accordance with a prescription; all sales of insulin in all its forms dispensed pursuant to the direction of a licensed physician; all sales of glucose useable for treatment of insulin reactions; all sales of urine- and blood-testing kits and materials; all sales of insulin measuring and injecting devices, including hypodermic syringes and needles; all sales of prosthetic devices; all sales of wheelchairs and hospital beds; all sales of drugs or materials when furnished by a doctor as part of professional services provided to a patient; and all sales of corrective eyeglasses, contact lenses, or hearing aids;

(B) When sold in accordance with a written recommendation from a licensed doctor, all sales of therapeutic devices, appliances, or related accessories, with a retail value of more than one hundred dollars, which are sold to correct or treat a human physical disability or surgically created abnormality;

(C) All sales of therapeutic devices, appliances, or related accessories, with a retail value of one hundred dollars or less, which are sold to correct or treat a human physical disability or surgically created abnormality;

(VI) All sales and purchases of commodities and services under the provisions of section 39-26-102 (11) to any occupant who is a permanent resident of any hotel, apartment hotel, lodging house, motor hotel, guesthouse, guest ranch, trailer coach, mobile home, auto camp, or trailer court or park and who enters into or has entered into a written agreement for occupancy of a room or accommodations for a period of at least thirty consecutive days during the calendar year or preceding year;

(VII) All commodities which are taxed under the provisions of article 27 of this title, and all commodities which are taxed under said provisions and the tax is refunded, and all sales and purchases of aviation fuel upon which no Colorado sales tax was in fact collected and retained prior to July 1, 1963. The storage, use, or consumption of such aviation fuel shall be exempt from taxation under part 2 of this article.

EXHIBIT 16
DATE 3/25/93
SB 235

3/25/93

Helena Presents

Marilyn Daumiller

I respectfully request that this committee consider exempting non profit organizations from sales tax.

Helena Presents' projected expenditures for items subject to sales tax will be minimum of \$11,000 next year. Sales tax will add an additional \$440. Please consider that in a telephone fund drive, it takes at least 5 to 15 calls to get one \$10 gift. That can amount to 660 calls to raise \$440 - a substantial time commitment for any non-profit staff.

Now, I must be very honest with you. Helena Presents and other non profits that have the ability to generate earned revenue through ticket sales are very lucky. Our organizations may be able to raise ticket prices a few cents and help our cause a bit. But this does not hold true for many non profits, such as Helena's Family Resources - an organization serving Day Care providers, families and children. Their budget for items subject to sales tax will be near \$12,000 next year, plus the additional \$480 in sales tax. Funds that will have to be raised in the community. And, if the organization uses a phone campaign, they will make from 240 to 720 calls.

I can not speak for all non profits, but I can tell you that Helena Presents' local business and corporate donations are \$4,000 under last year's, and granting agencies are sending out letters informing us that less money will be available in the coming application periods.

With this in mind, I request that the committee be sensitive to the fact that many non profit organizations can not pass expense increases on to consumers, and, that the light at the end of the fund raising tunnel will not be shining as brightly as in past years for Montana non profit organizations. Please consider exempting non profit organizations from sales tax.

MONTANA STATE LEGISLATIVE COMMITTEE



CHAIRMAN
Mr. Gene Quenemoen
606 Frank Road
Belgrade, MT 59714
(406) 388-6982

VICE CHAIRMAN
Mr. Robert J. Souhrada
915 13th Street West
Columbia Falls, MT 59912
(406) 892-4642

SECRETARY
Mrs. Florence R. Coslet
312 Cook Street
Lewistown, MT 59457
(406) 538-2674

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EXHIBIT 17
DATE 3/25/93
SB 235

March 25, 1993
Testimony on Senate Bill 235
Hearing House Taxation Committee

My name is Diana Dowling, Coordinator of AARP's Capital City Task Force of the State Legislative Committee in Montana.

AARP has over 110,000 members in Montana. AARP has several active community service programs in Montana that are managed and staffed completely by volunteers. AARP has no paid staff in Montana.

One of the AARP Legislative Committee's top priorities in Montana for 1993 is progressive and equitable tax reform. We voted to support any tax reform plan that would provide additional revenue for more adequate funding of education, social services and state institutions. Our guidelines say that any new tax plan must include both personal and real property tax reform and that if such a plan that is true tax reform requires a sales tax we will support it as long as food and prescription drugs are exempt.

AARP expressed support for SB 235 in the Senate hearing with several qualifications: that is, progressivity, property tax reform going beyond simply relief, school equalization as a part of the tax reform, and adequate school funding. We feel that these concerns have still not been adequately addressed.

We urge you to consider the following:

1. Progressivity: consider a phase out of exemptions as taxable income increases.
2. Tax Reform: consider making assessed value market value for all property and putting all property in a single class.
3. School equalization: we think Senate Bill 235 should address school equalization which it does not now do.

In addition we would note that an increase in electrical generation and communication taxes to balance the lower utility and communications property taxes in the bill would make it more equitable.

Thank you for your consideration.



CHAIRMAN
Mr. Gene Quenemoen
606 Frank Road
Belgrade, MT 59714
(406) 388-6982

VICE CHAIRMAN
Mrs. LeDean B. Lewis
6425 Timber Trail
Helena, MT 59601
(406) 458-6195

SECRETARY
Mr. Robert J. Souhrada
915 - 13th Street West
Columbia Falls, MT 59912
(406) 892-4642

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**Montana AARP State Legislative Committee
1992 Position Paper**

EXHIBIT # 17
DATE 3-25-93
SB-235

PROGRESSIVE AND EQUITABLE TAX REFORM

POSITION:

Montana citizens are willing to pay higher taxes to support selected programs in education, social services and state institutions, however, people express unhappiness with the current mixture of complex and inequitable tax measures. We need comprehensive reform. Such reform should achieve a balanced fiscal plan based on public consensus regarding improved public services and a better system of raising revenue. The AARP Montana State Legislative Committee will support a reform plan that:

1. Reduces the loss of jobs and people.
2. Improves personal income levels.
3. Improves funding levels for education.
4. Improves basic governmental services; e.g., roads, police protection, youth programs, court system, etc.

The specific tax plan should:

1. Be composed of elements that function well together including the finances of both local and state governments.
2. Produce revenue in a reliable and stable manner.
3. Have diversification of revenue sources over broad basis.
4. Be equitable; shield genuine subsistence income from taxation and insure all households with a given income pay approximately the same tax.
5. Be understandable, accountable, raise revenue efficiently, minimize compliance costs for taxpayers and be simple to administer.
6. Result in equalization of resources available to local governments that they provide adequate level of services.
7. Minimize interstate tax competition.

PROBLEM: Following a decade of nearly stagnant funding of basic public services, Montana citizens are confronted with the need to identify additional sources of revenue in order to solve the state's fiscal crisis. The tax system should be modified not only to provide more revenue, but contribute to economic growth and improve tax equity.

SOLUTION: Studies, plans and position papers have been developed to provide solutions to correct Montana's structural budget deficit. From the alternatives proposed in these sources, the Montana legislature should cause to be enacted:

1. Property tax relief for business firms.
2. Property tax equity among residential properties.
3. New sources of revenue from income and/or sales taxes. Sales tax should exempt food and prescription drugs.

It should be expected that an additional one to two percent of Montana personal income needs to be taken as tax revenue to achieve a balance between needed funding and revenue sources. (One percent of personal income for Montana amounts to some \$128 million.)

CONTACT: Mr. Gene Quenemoen, State Legislative Committee Chairman
606 Frank Road
Belgrade, MT 58714
(406) 388-6982

MT 8/31/92
POSPAPER:001

MONTANA

State Legislative Committee

1993 MONTANA LEGISLATIVE PROGRAM

The Montana State Legislative Committee is committed to the enactment of a national health care reform plan to make medical care and long-term care available to all.

PRIORITIES

- Support a state health care plan which contains elements in accord with AARP's principles for medical care and long-term care
- Support a progressive and equitable tax reform plan which provides additional revenue for more adequate funding of education, social services and state institutions; a new tax plan should include both personal and real property tax reform and may require a sales tax; any sales tax must exempt food and prescription drugs
- Seek enactment of state insurance statutes which prohibit insurance companies from canceling automobile, health and homeowner policies without reasonable cause
- Reform kindergarten through twelve (12) school administration for economy
- Support adequate funding for state education
- Support adequate funding for in-home services
- Index state retirement benefits to inflation for all state retirees

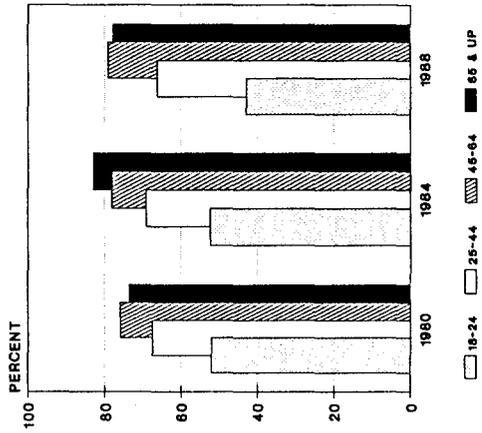
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OLDER VOTERS

Older people are generally eager to participate in all facets of political life. Older persons are often involved in registering voters, assisting voters in traveling to polls and actually conducting poll operations on election day. They believe in the Eisenhower adage, "Politics should be the part-time profession of every citizen."

The voter turnout graph illustrates the participation rate of four age groups of Montana voters in elections held between 1980 and 1988.

VOTER TURNOUT GRAPH



Prepared for AARP by Election Data Services

AMERICAN ASSOCIATION OF RETIRED PERSONS

AARP was founded in 1958 as a voluntary nonprofit and nonpartisan organization to help improve the quality of life of not only its members, but all older people. It is dedicated to helping its members meet the challenges of pre-retirement and retirement living and achieve a dynamic maturity of independence and purpose.

In Montana, more than 113,711 individuals belong to the American Association of Retired Persons. AARP volunteers serve their communities through a variety of programs, from free tax counseling to support for newly widowed persons. The Association also offers a variety of educational and advocacy programs for older workers, who make up one-fourth of AARP's total membership.

AARP, the largest membership organization of older Americans, totals more than 33 million nationwide. There are more than 4,500 local AARP chapters.

AARP initiatives marshal Association resources to address health care concerns; a variety of older worker issues; economic security matters, particularly for low-income older Americans; the status of minority elderly and issues relating to mid-life and older women. The Association is also emphasizing protection for mid-life and older consumers on a broad range of issues including personal financial security, housing and utility regulation.

1993 FACTS & LEGISLATIVE PRIORITIES

EXHIBIT #17
DATE 3-25-93
SB-235



American Association
of Retired Persons

MONTANA STATE LEGISLATIVE COMMITTEE

The AARP State Legislative Committee (SLC) decides and promotes the legislative objectives to be sought by the Association in each state legislative session. Composed of volunteers from the AARP membership across the state, the Committee works on behalf of not only AARP members, but all older persons and the state community.

Each year, the State Legislative Committee in Montana selects legislative priorities based on the needs of the state's residents, using guidelines developed by the AARP National Legislative Council. SLC members work with legislators to promote passage of legislation beneficial to Montana's older population.

The Montana SLC participates responsibly in the legislative process from discussion of concern, to a bill's conception, to its signing into law and the translation of its intent into administrative procedures and regulations. The SLC volunteer "citizen lobbyists" are assisted by AARP legislative staff. Technical support for the state legislative program is provided by the AARP Public Policy Institute and by AARP program volunteers.

****AARP established AARP/VOTE to inform voters about issues important to older people. Because AARP/VOTE works closely with the State Legislation Department in educating various audiences on public policy issues, the VOTE Coordinator is an exofficio member of the SLC.**

CHAIR
Mr. Gene Quenemoen
606 Frank Road
Belgrade, MT 59714
(406) 388-6982

VICE CHAIR
Mr. Robert J. Southada
915 13th Street W.
Columbia Falls, MT 59912
(406) 892-4642

SECRETARY
Mrs. Florence R. Coslet
312 Cook Street
Levitown, MT 59457
(406) 538-2674

MEMBERS

Mrs. Diana S. Dowling*
519 N. Rodney
Helena, MT 59601
(406) 443-2798

Mr. William (Bill) Olson*
1122 Hauser Boulevard
Helena, MT 59601
(406) 442-2268

Mr. Oskar E. Ekstrom
P.O. Box 1578
(272 South Sapphire)
Hamilton, MT 59840
(406) 363-2024

Mrs. Helen Puhlar
1948 Lewis Avenue
Billings, MT 59102
(406) 656-7496

Mr. John Kranick
116 Riverview Circle
Great Falls, MT 59404
(406) 453-0038

Mr. Alvin B. Swalsund*
5656 Quartz Court
Helena, MT 59601
(406) 458-5925

Mrs. Carolyn Mathison
617 S. 4th
Millen City, MT 59301
(406) 232-0245

AARP/VOTE COORDINATOR**
Mr. Joseph W. Uphaw
2016 Highland
Helena, MT 59601
(406) 442-5956

* Member, Capital City Task Force

MONTANA CAPITAL CITY TASK FORCE

CCTF COORDINATOR
Mrs. Diana S. Dowling*
MEMBER

Mr. Hugh (Bud) Kellaher
1620 Jerome Place
Helena, MT 59601
(406) 442-3065

Most State Legislative Committees have recognized that they need additional volunteers to help promote the AARP legislative program to lawmakers, legislative staff, executive branch officials and other organizations. This need to strengthen the AARP presence in the state capital city has prompted many SLCs to create a Capital City Task Force (CCTF).

The primary role of the CCTF is to help the SLC promote and defend AARP legislative interests before the state legislature. The SLC may also rely on CCTF members to monitor and participate in the regulatory and rulemaking processes of the state. The duties of Task Force members range from testifying before legislative committees to preparing legislative updates to researching issues.

To ensure appropriate policy oversight of the CCTF's activities, the SLC Chair designates a SLC member to coordinate the group. Capital City Task Force members belong to AARP and reside close to the Capitol.

* Member, State Legislative Committee

from Cobb

EXHIBIT 18
DATE 3/25/93
SB 239

Amendments to sales tax bill.

I do not know taxes very well, but here are a few suggestions.

1. place 3% of sales tax to go to long range building each year.

a. then take the cigarette tax out of long range building if wish to and move to either Franklin bill on health care or HB 145 for health care for children and block grants to counties for health care for their own people.

2. place in the sales tax bill the state earned income credit. Use senate bill 239 on Sen. Watermans which allows a refundable earned income credit based on a percentage of the federal basic earned income credit; adjusting the amount of the credit according to family size; excluding the credit from income in determining certain public assistance. The cost to have the earned income credit is 7.5 million per year. Also see attachment.

3. on page 122 allow commercial property to have a \$15,000 exemption just like homesteads

4. keep at least the \$10,000 exemption for commercial if can't raise it.

5. add another submission to the electorate that no more exemptions may be added to the exempt list of sales unless by two thirds vote of the legislature. Otherwise the legislature will spend the next 10 years getting most sales exempt.

6. reduce the sales tax on industrial machinery and agricultural machinery from 4% to 2% or at least a reduced rate. Early sales taxes applied to industrial machinery even though that machinery was used to produce goods subject to the tax. The trend has been toward exemption of such purchases. 22 states fully taxed these purchases in 1971, but only 10 did so by mid 1985. States have taken three separate paths toward relief of the tax on industrial machinery purchases: application of a reduced rate on those purchases, exemption of purchases for new and expanded industry, and general exemption. Agricultural machinery represents another producer good initially taxed by virtually all states, but now it is subject to widespread exemption or taxation at reduced rates. Only nine states do not provide some exemption or rate reduction for such purchases.

7. eliminate the 40 state wide mills. These mills are not considered local effort. Furthermore then if you wish, you could leave the personal property taxes where they are now or at a reduced rate not as great as now in the bill, and simply exempt then industrial and agricultural equipment from the sales tax or

have it at a reduced rate for industrial and agricultural taxes. Another thing we could do is for the legislature to get rid of a bunch of classes of property taxes now. If the legislature does not get rid of a bunch of classes of property, it is just a matter of time before a legislature starts raising first one class then another and we must put a stop to that by eliminating a bunch of classes and having the same rates and we should do it now if we are going to have a new tax system.

8. I did not see it in the bill, but you may wish to exempt computer software.

9. 20 million to work camp each year

8



**CENTER ON BUDGET
AND POLICY PRIORITIES**

Testimony

of

Center on Budget and Policy Priorities

on

Providing Income Tax Relief to the Working Poor
By Enacting a State Earned Income Tax Credit

before the

53rd Legislature,

Committee on Taxation

of the

Montana State Senate

February 5, 1993

The earned income credit is part of a "make work pay" agenda that has been adopted by the federal government and some states over the past several years. There is a growing consensus among policymakers that if a family includes a full-time, year-round worker, that family should not have to live in poverty. As a first step on that agenda, the federal government has eliminated federal income taxes for families with earnings below the poverty line. Since federal tax reform in 1986, many states have followed the federal lead by either eliminating state income taxes on the working poor, or by significantly increasing their income tax thresholds (i.e., income levels at which income taxes first become due). Unfortunately, Montana has lagged behind this trend.

- Montana is one of only seven states that imposes an income tax on the very poor, i.e., families with incomes *below half the poverty line*. In Montana, a family of four begins to pay income tax at an earnings level of \$6,800 — some \$7,570 below the poverty line. A family of three begins to pay income tax at an earnings level of \$5,100 — some \$6,108 below the poverty line.
- Of the 41 states and the District of Columbia that have an income tax, only six begin to tax families of four at income levels lower than Montana does.
- Since 1986, some 36 states and the District of Columbia have raised income tax thresholds by an average of \$5,039. Over the same time period, Montana has raised its income tax threshold a mere \$560.

Creating a state earned income tax credit is a very cost effective way to eliminate state income taxes for many of Montana's working poor families with children.

Advantages of a Montana State Earned Income Credit

The earned income credit (EIC) is a tax credit that is available only to low-and-moderate-income working families with children. At the federal level, it is designed to offset the regressive effects of social security payroll taxes on the working poor and to supplement their wages. The EIC leaves workers with more of their earnings to take home and so is a key component of a *make work pay* strategy. In 1993, the federal EIC will be available to families with incomes below \$23,050.

In recent years, states have begun to piggyback on the federal EIC by enacting state earned income credits. Six states now have state EICs that complement the federal EIC. These states set their state EICs at specified percentages of the federal EIC. State EIC legislation is pending in several other states.

In Montana, a state EIC would yield several advantages. First, it would significantly raise the personal income tax threshold for working poor families with children in a very cost effective manner. As compared to other methods of increasing an income tax threshold, such as increasing the standard deduction or the personal exemption, an EIC targets the tax relief to those most in need of it.

- For example, a state EIC set at five percent of the federal EIC would raise the earnings level above which a family of four would begin to owe state income tax to \$10,100 — up some \$3,300 from the current level of \$6,800 — for an approximate cost of \$2.3 million.
- A state EIC set at 10 percent of the federal credit would raise the income tax threshold for a family of four to \$12,100 at an approximate cost of \$4.6 million.

Second, a state EIC would help bring Montana closer in line with neighboring states that have an income tax.

- In 1992, Montana's income tax threshold for a family of three is \$5,100, whereas Idaho's and North Dakota's are \$12,200.

Third, a state EIC would complement current efforts in Montana to implement a "make work pay" agenda. In 1992, Montana, along with neighboring South Dakota, were the 11th and 12th state to enact *fill-the-gap budgeting*. In most states, families that both work and receive AFDC benefits lose a dollar of benefits for each dollar of earnings received after the first four months of work, essentially facing a 100 percent tax rate. Fill-the-gap budgeting allows a family on public assistance to keep all or some of its AFDC benefits after a family member begins working, as long as the combination of benefits and earnings do not exceed the state's "standard of need." In Montana, the standard of need is now \$478 per month, or \$5,736 per year for a family of three.

Having mitigated work penalties in AFDC so as to help families make a more gradual transition from welfare to work, Montana can turn to other issues in the "make work pay" agenda. A family of three that earns an amount equal to the standard of need, and thus leaves the welfare rolls, is still living at only 51 percent of the poverty line. Once AFDC transition benefits are exhausted, this family will likely face child care costs and medical care costs. A state earned income credit, in conjunction with the federal credit, can supplement the family's income and thus help it remain independent of welfare.

Table I
State Income Tax for Montana Family of Four
With State EIC At Various Income Levels, 1992

<u>Income</u>	<u>Current Income Tax</u>	<u>State EIC</u>	<u>Net Income Tax (After EIC)</u>	
(With State EIC Set at Five Percent of Federal EIC)				
\$ 6,800 ^a	\$ 0	\$ 59	-\$ 59	(Refund)
7,185 ^b	6	62	-56	(Refund)
10,100 ^c	62	62	0	
10,778 ^d	78	62	16	
14,370 ^e	191	46	145	
(With State EIC Set at 10 Percent of Federal EIC)				
6,800 ^a	0	118	-118	(Refund)
7,185 ^b	6	124	-118	(Refund)
10,778 ^d	78	124	-46	(Refund)
12,100 ^c	119	120	-1	(Refund)
14,370 ^e	191	92	99	

a. Current state income tax threshold for two-parent family of four.
b. Half the estimated poverty line for a family of four in 1992.
c. 1992 income tax threshold for two-parent family of four taking state EIC into account.
d. Three-quarters of the poverty line for a family of four in 1992.
e. Estimated 1992 poverty line for family of four as projected by the Congressional Budget Office in September 1992.

Table II
Impact of a State EIC on Montana Income Tax
Threshold for Family of Four, 1992

<u>State EIC Status</u>	<u>State Income Tax Threshold</u>	<u>State Income Tax Threshold Above/Below Poverty Line^a</u>	<u>State Threshold As % of Poverty Line</u>	<u>Estimated Cost of State EIC^b (millions)</u>
No State EIC	\$ 6,800	-\$7,570	47%	\$0.0
5% State EIC	10,100	- 4,270	70%	2.3
10% State EIC	12,100	- 2,270	84%	4.6
15% State EIC	13,300	- 1,070	93%	6.9
20% State EIC	14,300	-70	100%	9.2

a. Estimated 1992 poverty line for a family of four is \$14,370 as projected by the Congressional Budget Office in September 1992.
b. Although income tax threshold and poverty levels are based on 1992 estimates, state EIC cost estimates are for 1993.

Table III
State Income Tax for Montana Family of Three
With State EIC At Various Income Levels, 1992

<u>Income</u>	<u>Current Income Tax</u>	<u>State EIC</u>	<u>Net Income Tax (After EIC)</u>	
(With State EIC Set at Five Percent of Federal EIC)				
\$ 5,100 ^a	\$ 0	\$ 47	-\$ 47	(Refund)
5,604 ^b	8	52	-44	(Refund)
8,406 ^c	63	69	-6	(Refund)
8,700 ^d	70	69	1	
11,208 ^e	146	69	77	
(With State EIC Set at 10 Percent of Federal EIC)				
5,100 ^a	0	94	-94	(Refund)
5,604 ^b	8	103	-95	(Refund)
8,406 ^c	63	138	-75	(Refund)
11,000 ^d	140	138	2	
11,208 ^e	146	138	8	

a. Current state income tax threshold for single-parent family of three.
b. Half the estimated poverty line for a family of three in 1992.
c. Three-quarters of the poverty line for a family of three in 1992.
d. 1992 income tax threshold for single-parent family of three taking state EIC into account.
e. Estimated 1992 poverty line for family of three as projected by the Congressional Budget Office in September 1992.

Table IV
Impact of a State EIC on Montana Income Tax
Threshold for Family of Three, 1992

<u>State EIC Status</u>	<u>State Income Tax Threshold</u>	<u>State Income Tax Threshold Above/Below Poverty Line^a</u>	<u>State Threshold As % of Poverty Line</u>	<u>Cost of State EIC^b (millions)</u>
No State EIC	\$ 5,100	-\$6,108	46%	\$0.0
5% State EIC	8,700	- 2,508	78%	2.3
10% State EIC	11,000	- 208	98%	4.6
15% State EIC	12,600	+ 1,392	112%	6.9
20% State EIC	13,700	+ 2,492	122%	9.2

a. Estimated 1992 poverty line for a family of three is \$11,208 as projected by the Congressional Budget Office in September 1992.
b. Cost estimates are for 1993.

EXHIBIT #18
DATE 3-25-93
SB-235

LC 0553/01

LC 0553/01

53rd Legislature

Smay BILL NO. 239
INTRODUCED BY *Byron Waters* *Dean Cobb* *Christiana*
Edie Salley *Beau Hunsinger* *Jim Bartlett* *Yolanda H. F. H.*
Earl *Ray* *Jack*
A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A REFUNDABLE

1 under section 32 of the Internal Revenue Code of 1986.
2 (b) If the taxpayer has two dependent children who have
3 the same principal residence as the taxpayer, then the
4 amount of the credit is 25% of the amount of the credit
5 determined under section 32 of the Internal Revenue Code of
6 1986.
7 (c) If the taxpayer has more than two dependent
8 children who have the same principal residence as the
9 taxpayer, then the amount of the credit is 75% of the amount
10 of the credit determined under section 32 of the Internal
11 Revenue Code of 1986.
12 (3) Except married taxpayers living apart who are
13 treated as single under section 7703(b) of the Internal
14 Revenue Code, the credit is not allowed to married taxpayers
15 if the husband and wife report their income on separate tax
16 returns.
17 (4) The credit is not allowed for temporary residents
18 or nonresidents of the state.
19 (5) In the case of married taxpayers filing separately
20 on the same return, the taxpayers must combine their income
21 to determine the amount of the credit due under this
22 section.
23 (6) The taxpayer is entitled to a refund equal to the
24 amount by which the credit exceeds the taxpayer's tax
25 liability or, if the taxpayer has no tax liability, a refund

1 EARNED INCOME CREDIT BASED ON A PERCENTAGE OF THE FEDERAL
2 BASIC EARNED INCOME CREDIT; ADJUSTING THE AMOUNT OF THE
3 CREDIT ACCORDING TO FAMILY SIZE; EXCLUDING THE CREDIT FROM
4 INCOME IN DETERMINING ELIGIBILITY FOR CERTAIN PUBLIC
5 ASSISTANCE; AMENDING SECTION 53-3-109, MCA; AND PROVIDING AN
6 IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY
7 DATE."

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

9 NEW SECTION. Section 1. Earned income tax credit --
10 limitation -- refund. (1) There is allowed as a credit
11 against the tax imposed by 15-30-103 a percentage of the
12 credit allowed for the federal basic earned income credit
13 for which a resident individual taxpayer is eligible for the
14 tax year under section 32 of the Internal Revenue Code of
15 1986.

16 (2) The amount of the credit allowed under subsection
17 (1) is determined according to the following schedule:

18 (a) If the taxpayer has one dependent child who has the
19 same principal residence as the taxpayer, then the amount of
20 the credit is 5% of the amount of the credit determined



1 equal to the amount of the credit.

2 **Section 2.** Section 53-3-109, MCA, is amended to read:

3 "53-3-109. Definitions. For the purposes of this
4 chapter, the following definitions apply:

5 (1) "Acute medical need" means an illness, injury, or
6 other serious medical condition that:

7 (a) demands urgent medical attention; and

8 (b) is expected to last less than 12 months if treated.

9 (2) "Basic necessities" means food, shelter, utilities,
10 and personal needs.

11 (3) "Children" means minor and adult children who
12 reside in the same household with their parents. The term
13 includes both adoptive and natural children.

14 (4) "Chronic illness" or "chronically ill" means the
15 condition of a person who is diagnosed as having an illness,
16 injury, or physical or mental impairment that:

17 (a) is expected to last for a continuous period of at
18 least 12 months; and

19 (b) would be considered a disability under 42 U.S.C.
20 1382(c) if evaluated under criteria used to determine
21 eligibility for the federal supplemental security income
22 program.

23 (5) "Department" means the department of social and
24 rehabilitation services provided for in Title 2, chapter 15,
25 part 22.

1 (6) "Employable" means the condition of a person who is
2 not unemployable, as determined by a vocational specialist.
3 A person who is employable is transitionally needy and is
4 not eligible for general relief except as provided in
5 53-3-215.

6 (7) "General relief" means a program of assistance for
7 basic necessities and medical needs for those persons
8 determined to be eligible for such assistance.

9 (8) "Household" means:

10 (a) a collective body of persons consisting of spouses
11 or parents and their children who reside together in the
12 same residence; or

13 (b) all other persons who by choice or necessity are
14 mutually dependent upon each other for basic necessities and
15 who reside in the same residence.

16 (9) "Income" means the value of all property of any
17 nature, earned, unearned, or in-kind, including benefits,
18 that is reasonably certain to be received or is actually
19 received during the month by members of a household.

20 (10) (a) "Lump-sum income" means a nonrecurring source
21 of income received in a single payment by a household during
22 any eligibility period, including but not limited to
23 proceeds from a lawsuit, insurance settlement, inheritance,
24 lump-sum retirement, veterans' or unemployment benefits;
25 benefits received under the federal Social Security Act;

1 prizes; and tax refunds.

2 (b) Lump-sum income does not include the amount of the
3 state earned income tax credit allowed under [section 1] in
4 the month received and the following month.

5 (11) "New to Montana" means a person who has been a
6 Montana resident for 1 month or less at the time of
7 application.

8 (12) "Presumptive income" means the amount of financial
9 assistance that a person would have received under the aid
10 to families with dependent children program, as provided for
11 in Title 53, chapter 4, part 2, if the person had not been
12 determined ineligible due to receipt of lump-sum income,
13 overpayment, fraud, or failure or refusal to comply with
14 requirements for continued participation in the program.

15 (13) "Resource" means all real and personal property
16 retained after the calendar month of its receipt and which
17 the household or a member of the household has a legal right
18 to sell or liquidate.

19 (14) "Secure facility" means any facility in which a
20 person may be lawfully held against his the person's will by
21 federal, state, or local authorities.

22 (15) "Self-sufficiency program" means a program designed
23 to enable temporarily unemployable persons to achieve
24 self-sufficiency and includes any combination of a
25 self-sufficiency plan, concentrated rehabilitation

1 activities, or support services.

2 (16) "Serious barrier to employment" means a limitation
3 in obtaining employment, as determined by a vocational
4 specialist, that results from:

5 (a) a lack of work skills, experience, or training
6 necessary to secure employment;

7 (b) the failure to attain a high school education or
8 its equivalent; or

9 (c) illiteracy.

10 (17) "Serious medical condition" means a mental or
11 physical condition that causes a serious health risk to a
12 person and for which treatment is medically necessary.

13 Diagnosis and determination of necessary treatment must be
14 made by a licensed medical practitioner, and the department
15 may confirm the diagnosis through an expert medical review.

16 Necessary treatment includes essential medical care and
17 other services that the department determines, by rule, to
18 be medically necessary. A serious medical condition is
19 limited to chronic illness, an acute medical need, or a
20 medical condition that requires services in order for a
21 person to obtain or retain employment.

22 (18) "Temporarily unemployable" means the condition of a
23 person who suffers from a temporary illness, injury, or
24 incapacity that is medically certifiable and that prevents
25 the person from becoming immediately employable in any

1 substantial, gainful employment, as determined by a
2 vocational specialist, and who:

- 3 (a) is at least 55 years of age and who has a limited
- 4 ability because of advanced age to obtain or retain suitable
- 5 employment, as determined by a vocational specialist; or
- 6 (b) would not be considered disabled under 42 U.S.C.
- 7 1382(c) if evaluated under criteria used to determine
- 8 eligibility for the federal supplemental security income
- 9 program.

10 (19) (a) "Unemployable" means the condition of a person
11 who:

- 12 (i) has a serious physical, emotional, or mental
- 13 handicap that is medically certified and that prevents him
- 14 the person from being employed in any substantial, gainful
- 15 employment, as determined by a vocational specialist; or
- 16 (ii) suffers from a permanent illness, injury, or
- 17 incapacity that is medically certified and that prevents the
- 18 person from working in any substantial, gainful employment,
- 19 as determined by a vocational specialist.

20 (b) A person who is unemployable is chronically needy
21 and must be provided general relief as provided in 53-3-215.

22 (20) "Vocational specialist" means an employment
23 counselor or other experienced personnel who are qualified
24 to evaluate a recipient's ability to work in substantial,
25 gainful employment."

NEW SECTION. Section 3. Codification instruction.
2 [Section 1] is intended to be codified as an integral part
3 of Title 15, chapter 30, part 1, and the provisions of Title
4 15, chapter 30, part 1, apply to [section 1].

NEW SECTION. Section 4. Effective date -- retroactive
5 applicability. [This act] is effective on passage and
6 approval and applies retroactively, within the meaning of
7 1-2-109, to tax years beginning after December 31, 1992.
8

-End-

Fiscal Note Request, SB0232, as introduced.
 Form BD-15 page 2
 (continued)

FISCAL IMPACT: (Continued)

Expenditures:

Income Tax Division

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
FTE	123.45	123.95	0.50	123.45	123.95	0.50
Personal Services	\$ 3,296,520	\$3,307,701	\$11,181	\$ 3,305,267	\$3,316,448	\$11,181
Operating Expenses	1,424,031	1,433,569	9,538	1,390,128	1,394,186	4,058
Equipment	72,561	72,561	0	52,971	52,971	0
Total	\$ 4,793,112	\$4,813,831	\$20,719	\$ 4,748,366	\$4,763,605	\$15,239

Funding:

General Fund	\$ 4,298,112	\$4,318,831	\$20,719	\$ 4,238,366	\$4,253,605	\$15,239
State Special	495,000	495,000	0	510,000	510,000	0
Total	\$ 4,793,112	\$4,813,831	\$20,719	\$ 4,748,366	\$4,763,605	\$15,239

Revenues:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Individual Income Tax	328,943,000	321,403,000	(7,540,000)	339,696,000	332,156,000	(7,540,000)

Revenue Allocation:

General Fund	195,721,000	191,235,000	(4,486,000)	202,119,000	197,633,000	(4,486,000)
School Foundation	104,604,000	102,206,000	(2,398,000)	108,023,000	105,625,000	(2,398,000)
LRBF - Debt Service	28,618,000	27,962,000	(656,000)	29,554,000	28,898,000	(656,000)
Total	328,943,000	321,403,000	(7,540,000)	339,696,000	332,156,000	(7,540,000)

Net General Fund Impact (Including SEA)

(7,587,958)

SB 239

EXHIBIT 19
 DATE 3/25/93
 SB 235

SB235 - As Amended
March 18, 1993

TAX REFORM COMPONENT	Applicable Date	Revenue Impacts			
		FY94	FY95	FY96	FY97
Sales Tax - Gross revenue	4/1/94	69.55	289.74	298.47	305.99
- Vendor Allowances		(1.99)	(7.24)	(4.26)	(4.37)
- Administration		(4.16)	(6.27)	(6.27)	(6.27)
Sales Tax - Net Revenue		63.40	276.23	287.94	295.35
Income Tax - 6% Flat Rate	1/1/94	(18.52)	(40.98)	(39.75)	(33.89)
Low-Income Sales Tax Credit	1/1/94	0.00	(18.75)	(25.00)	(25.00)
Renter's Credit (\$150)	1/1/94	0.00	(10.57)	(14.09)	(14.09)
Fund Retirement Mills	7/1/94	0.00	(40.00)	(40.00)	(40.00)
Fund Transportation Mills	7/1/94	0.00	(8.22)	(8.22)	(8.22)
Fund Debt Service Mills	7/1/94	0.00	(7.00)	(7.00)	(7.00)
Property Tax; Cl. 8 Pers. Prop. (4.5%)	1/1/94	(10.96)	(32.54)	(32.54)	(32.54)
Property Tax; Railroads/Airlines	1/1/94	0.00	(1.73)	(1.73)	(1.73)
Homestead Exemption (\$15,000)	1/1/94	0.00	(25.10)	(33.46)	(33.46)
Commercial Exemption (\$10,000)	1/1/94	0.00	(5.40)	(5.40)	(5.40)
Disallow Renter Credit Double Ded.	1/1/94	0.00	3.00	4.00	4.00
IMPACT OF REFORM PROPOSAL		33.92	88.95	84.75	98.02

SALES TAX PROJECTION MODEL METHODOLOGY

The sales tax receipts projection model was built by the Office of Research and Information (Montana Department of Revenue) over the period Fall 1991-Fall 1992. There is no history of general sales tax collections in Montana. Partly because of this, the methodological approach used was as follows:

1. First, compile and systematize the most reliable historical sales information by detailed economic sector and product;
2. Second, analyze those historical sales as compared with disposable personal income (spendable income received by persons);
3. Third, project future sales based on that analysis;
4. Fourth, determine the taxable portion of future sales;
5. Fifth and last, compute sales tax revenue based on taxable sales by detailed industry and product and the statutory rate of taxation.

The general methodology was borrowed from Estimated Revenue Potential From a General Sales and Use Tax, 1991 and 1992 (December 1988), Montana Legislative Council, Jeff Martin (author); along with A General Sales and Use Tax Revisited: Estimated Revenue for 1992 and 1993 (October 1990), Montana Legislative Council, Jeff Martin (author). The approach used in the Department of Revenue model involved much more industry and product detail, as well as using some alternate data series.

Sources of Data

There were two sources of data for economic sector historical sales, used in the sales tax projection model. These sources were the U.S. Bureau of the Census, and the Department of Revenue. The source for disposable (spendable) personal income was the U.S. Bureau of Economic Analysis.

The U.S. Bureau of the Census surveys business establishments for most sectors of the U.S. and state/county/city economies every 5 years. The Census Bureau refers to these surveys as their economic censuses, as contrasted to their household census, the last one being conducted in 1990. The last economic census for which data are currently available is 1987. Business firms are currently being surveyed for data on 1992.

One of the questions asked by the Census Bureau relates to sales. Thus, the methodology for the sales tax projection model used Bureau of the Census sales data for the construction industry; wholesale and retail trade; along with data for a number of service industries. These included recreational services, part of transportation (trucking, water, transportation arrangements), personal services such as hair cutting, business services (data processing etc.), repair, and professional services. Very detailed economic sector and products within sectors information for 1977, 1982, 1987 was used.

Sales information for utility (including communication) services, railroad transportation, highway passenger transportation, and pipelines, was compiled from Department of Revenue data, collected in connection with the Public Service Commission Tax and the Consumer Council Tax. Information was available for calendar years 1989-1991.

Updating Historical Sales Data

Before the historical sales information was analyzed in relation to disposable personal income, 1987 information for service industries (excluding utilities and part of transportation) was updated to 1991. The method used the ratio of 1991 payroll to 1987 payroll by very detailed service industries to adjust the 1987 sales information reported by the U.S. Census Bureau. The production of services by its very nature is quite labor intensive, and thus payroll cost is the major portion of the total cost of production and sales price. The payroll data used was collected in connection with the unemployment insurance program, administered by the Montana Department of Labor and Industry. These data are published annually in a very detailed form by the Bureau of Labor Statistics, U.S. Department of Labor in Employment and Wages, Annual Averages.

Comparison of Sales to Disposable Personal Income

The percent change in Montana sales over the the 1977-1987 (1989-1991 for utilities and part of transportation) period was compared with the percent change in Montana disposable (spendable) personal income for the same time period. This resulted in positive and negative coefficients that measured whether or not sales increased or declined over this time period, and if sales advanced faster or slower than the growth in disposable personal income. These coefficients measure the responsiveness of sales of a particular industry to changes in disposable income.

Generally, the computed coefficients were positive indicating that sales receipts grew over this time period. Some industry receipts or the sale of products within an industry grew faster than disposable personal income, for example live theatre sales; and some grew slower, such as sales of food.

Projection of Future Sales

Sales for future years (FY 1994 and 1995) were projected using the percent change in disposable personal income from the base year, either 1987 or 1991, to FY 1994/1995 adjusted by the coefficients that measured the responsiveness of sales of a particular industry or product to changes in income. Projections were made for about 900 industries and products. The percent change in disposable personal income was computed from projected levels for FY 1994 and 1995, as adopted by the Legislative Revenue Oversight Committee (January 5, 1993), and from historical estimates of disposable personal income published by the U.S. Bureau of Economic Analysis.

Taxable Sales

Not all sales of a given industry are taxable. In a particular sales tax proposal, certain classes of products (goods or services) are exempt from taxation such as food and medical services. Sales to certain economic sectors are exempt, for example sales to government. Sales for resale are exempt. Thus any sales tax projection model must be designed to fit a particular piece of legislation in terms of what sales are taxable. In the Department of Revenue's projection model a taxable fraction (of sales) was estimated for each of the 900 items, using particular sales tax proposals and sales to different sectors data available from the U.S. Bureau of the Census.

Sector sales distribution information for wholesale and retail trade was only available at the national level. This was true for many service industries, also. Montana specific sales distribution information was available for other service industries such as engineering services. In addition, some Montana specific data were available for construction. Taxable fractions for most of transportation, and for utility services were borrowed from Jeff Martin's paper A General Sales and Use Tax Revisited: Estimated Revenue for 1992 and 1993.

Gross sales and taxable sales for finance, insurance, and real estate services were extracted from the above mentioned publication, updated to FY 1994 and 1995 by the projected change in disposable personal income. Sales data for these types of services are not available from the U.S. Census Bureau and are more difficult to compile.

Projected Sales Tax Revenue

Once taxable sales for each of the approximately 900 sectors/products were estimated by multiplying gross sales by the respective taxable fractions, it was a relatively simple procedure to estimate sales tax revenue. This was simply done by multiplying each taxable sales estimate by the proposed sales tax rate (4%), and adding up the results.

Accuracy of the Sales Tax Projections

Projecting revenues from a new tax is generally more challenging than for an established tax. In this case, there is no general sales tax collections history for Montana against which to evaluate the above described projection methodology. For any projection, the further out in time one projects from the base year (in this case 1987 and 1991), the greater the possibility for error, other factors being the same.

On the other hand, the above described methodology was applied at a very detailed industry and products within industries level. The projection of total sales tax revenues from a specific legislative proposal, was computed from adding up the 900 very specific projections. This method usually yields errors at the specific industry level that cancel each other, at least to some extent.

February 2, 1993

ESTIMATED REVENUE IMPACT OF SB 235 EXEMPTIONS

FY 95 ESTIMATED
REVENUE IMPACT
on SB 235
(thousands \$)

ITEM	
Building Construction Services	(6,635)
Out-of-State Billed Telephone Services	No Change
Clarified Exemption for Therapeutic Devices	No Change
Intrastate Transportation Services	(5,652)
Government Owned Refuse Disposal Services	No Change
Residential Utility Services	(7,398)
Minerals Used to Produce Energy not Exempt Unless Resold	No Change
Private School Tuition	(2,710)
Electricity Used for Electrolytic Deposition	No Change
Rental of Motion Pictures to Theaters	(26)
Worthless Accounts	No Change
Fleet Vehicles	No Change
TOTAL	(22,421)
Fine Tuning of Revenue Estimate	(106)
Difference in Use Tax Estimates	(1,126)
REVENUE ESTIMATE DIFFERENCE, 1ST & 2ND READING SB 235	(23,653)

EXHIBIT # 19
DATE 3-25-93
SB-235

SALES TAX REVENUE ESTIMATE FOR SB 235, SECOND READING
Tax Base Excludes Food, Health Services, Gambling, Gasoline, Trade-ins, Other

FY 1995

ECONOMIC SECTOR	REVENUE ESTIMATE (Thousands \$)
Agriculture	0
Mining	0
Construction (excludes building construction)	11,852
Manufacturing	0
Non-Residential Utility Services	17,046
Wholesale Trade	16,249
Retail Trade	146,079
Finance, Insurance, & Real Estate Services	6,418
Recreational, Business/Professional, Repair, & Other Services	78,295
SUB-TOTAL	275,939
Plus Use Tax (5% of Sub-Total)	13,797
TOTAL	289,736

Office of Research & Information, Dept. of Revenue

18-Mar-93

SALES TAX ESTIMATE FOR SB 235, SECOND READING
 (Tax Base Excludes Food, Health Services, Gambling, Other)

EXHIBIT #19
 DATE 3-25-93
SB-235

ECONOMIC SECTOR	SIC Code*	ESTIMATED FY 1995 4% Sales Tax (thousands \$)
CONSTRUCTION	15-17	11,852
BUILDING CONSTRUCTION-GENERAL CONTRACTORS	15	430
Residential Building General Contractors	152	196
Operative Builders	153	0
Nonresidential Building General Contractors	154	234
HIGHWAY, UTILITY, & OTHER HEAVY CONSTRUCTION	16	8,501
Highway (ex elevated) & Street Construction	161	3,199
Utility, Bridge, & Other Heavy Construction	162	5,303
SPECIAL TRADE CONSTRUCTION CONTRACTORS	17	2,921
Plumbing, Heating, & Air Conditioning Construction	171	606
Painting & Paper Hanging	172	120
Electrical Contractors	173	270
Masonry, Drywall, Insulation, Tiling	174	64
Carpentry & Floor Laying	175	340
Roofing, Siding, & Sheet Metal Contractors	176	484
Concrete Construction-private driveways/walks, foundations	177	39
Water Well Drilling	178	79
Excavation, Glass, Building Equip. Installation, Fencing, Other	179	920

*Standard Industrial Classification Code

Office of Research & Information, Department of Revenue

19-Mar-93

SALES TAX ESTIMATE FOR SB 235, SECOND READING
 (Tax Base Excludes Food, Health Services, Gambling, Other)

ECONOMIC SECTOR	SIC Code*	ESTIMATED FY 1995 4% Sales Tax (thousands \$)
TRANSPORTATION & UTILITY SERVICES	40-49	17,046
RAILROAD TRANSPORTATION (Intra-State)	40	0
HIGHWAY PASSENGER TRANSPORTATION	41	0
Local & Suburban Passenger Transportation	411	0
Taxicabs	412	0
Intercity & Rural Bus Transportation (Intra-State)	413	0
Bus Charter Services	414	0
School Buses	415	0
Motor Vehicle Terminal Facility Services	417	0
MOTOR FREIGHT TRANSPORTATION & WAREHOUSING	42	0
Trucking & Courier Services, Except Air (Intra-State)	421	0
Public Warehousing & Storage	422	0
UNITED STATES POSTAL SERVICE	43	0
WATER TRANSPORTATION	44	0
Sightseeing Boats & Other Water Passenger Services	448	0
Marinas	449	0
AIR TRANSPORTATION	45	0
Scheduled Air Transportation (Intra-State)	451	0
Charter & Other Nonscheduled Air Transportation	452	0
Airport Services	458	0
PIPELINE TRANSPORTATION, EX. NATURAL GAS	46	0
TRANSPORTATION SERVICES	47	0
Arrangement of Passenger Transportation (Commissions)	472	0
Arrangement of Freight Transportation (Commissions)	473	0
Railroad Car Rental, Repair, & Other Transportation Services	474, 478	0
COMMUNICATIONS (Excludes Residential)	48	2,863
Telephone Communications	481	2,828
Telegraph & Other Message Communications	482	0
Radio & Television Broadcasting	483	19
Cable & Other Pay Television Services	484	0
Radar, Satellite, & Other Communication Services	489	16
ELECTRIC, GAS, & SANITARY SERV (Excludes Residential)	49	14,183
Electric and Gas Utility Services	491, 492, 493	13,085
Water/Sewer Systems, Refuse, Other	494, 495	1,074
Steam & Air-Conditioning Supply	496	24
Irrigation Systems	497	0

* Standard Industrial Classification Code

SALES TAX ESTIMATE FOR SB 235, SECOND READING
 (Tax Base Excludes Food, Health Services, Gambling, Other)

EXHIBIT 11-19
 DATE 3-25-93
~~1~~ SB-235

ECONOMIC SECTOR	SIC Code*	ESTIMATED FY 1995 4% Sales Tax (thousands \$)
WHOLESALE TRADE	50, 51	16,249
WHOLESALE TRADE—DURABLE GOODS	50	12,197
Motor Vehicles, Parts, & Supplies	501	1,072
Furniture & Home Furnishings	502	364
Lumber & Other Construction Materials	503	2,466
Professional/Commercial Equipment & Supplies	504	2,795
Metals & Minerals, Except Petroleum	505	4
Electrical Goods	506	359
Hardware, Plumbing/Heating Equipment & Supplies	507	261
Farm, Construction, Industrial, Other Machinery	508	4,429
Other Durable Goods	509	445
NONDURABLE GOODS	51	4,051
Paper & Paper Products	511	723
Drugs & Sundries (excludes prescription drugs)	512	278
Apparel, Piece Goods, & Notions	513	15
Groceries & Related Products (excludes food)	514	1,015
Grain, Livestock, & Other Farm Products	515	1,007
Chemicals & Allied Products	516	29
Petroleum & Petroleum Products (ex. motor fuels)	517	577
Beer, Wine, & Distilled Alcoholic Beverages	518	29
Other Nondurable Goods	519	379

* Standard Industrial Classification Code

Office of Research & Information, Department of Revenue

19-Mar-93

SALES TAX ESTIMATE FOR SB 235, SECOND READING
 (Tax Base Excludes Food, Health Services, Gambling, Other)

ECONOMIC SECTOR	SIC Code*	ESTIMATED FY 1995 4% Sales Tax (thousands \$)
RETAIL TRADE	52-59	146,079
BUILDING MATERIALS, GARDEN SUPPLIES, MOBILE HOMES	52	9,722
Lumber & Other Building Materials	521	5,063
Paint, Glass & Wallpaper Stores	523	666
Hardware Stores	525	3,502
Retail Nurseries/Lawn & Garden Supplies	526	329
Mobile Home Dealers	527	162
GENERAL MERCHANDISE STORES	53	28,800
Department Stores (except leased departments) > 25 employees	531	25,811
Variety Stores	533	1,437
Other General Merchandise Stores	539	1,552
FOOD STORES	54	17,266
Grocery Stores (excludes food)	541	17,013
Meat and Fish Markets	542	0
Fruit & Vegetable Markets	543	0
Candy, Nut, & Confectionery Stores	544	149
Dairy Products Stores	545	0
Retail Bakeries	546	0
Health & Other Food Stores (excludes food)	549	104
MOTOR VEHICLE DEALERS, PARTS, & GAS STATIONS	55	29,603
New & Used Motor Vehicle Dealers (new vehicles at 2.5%)	551	16,621
Exclusively Used Motor Vehicle Dealers	552	1,381
Auto & Home Supply Stores	553	6,015
Gasoline Service Stations (excludes motor fuels)	554	2,962
Boat Dealers	555	726
Recreational Vehicle Dealers	556	1,342
Motorcycle Dealers	557	327
Aircraft, Snowmobile, & Utility Trailer Dealers	559	230

* Standard Industrial Classification Code

SALES TAX ESTIMATE FOR SB 235, SECOND READING
 (Tax Base Excludes Food, Health Services, Gambling, Other)

EXHIBIT #19
 DATE 3-25-93
SB-235

ECONOMIC SECTOR	SIC Code*	ESTIMATED FY 1995 4% Sales Tax (thousands \$)
APPAREL AND ACCESSORY STORES	56	7,372
Mens' & Boys' Clothing Stores	561	478
Womens' Clothing Stores	562	2,198
Womens' Accessory & Specialty Stores	563	54
Childrens' & Infant Wear Stores	564	158
Family Clothing Stores	565	2,549
Shoe Stores	566	1,584
Other Apparel & Accessory Stores	569	351
FURNITURE AND HOMEFURNISHINGS STORES	57	8,059
Home Furniture & Furnishings Stores	571	4,533
Household Appliance Stores	572	1,216
Radio/Television, Electronics, & Music Stores	573	2,310
EATING AND DRINKING PLACES	58	24,595
Eating Places	5812	21,329
Drinking Places	5813	3,266
OTHER RETAIL TRADE	59	20,664
Drug & Proprietary Stores (excludes prescription drugs)	591	3,569
Liquor Stores	592	0
Used Merchandise Stores	593	1,333
Sporting Goods, Gifts, Jewelry, Toys, Books, Sewing, Other	594	8,857
Catalog, Vending Machines, Direct Selling	596	2,314
Fuel Dealers (excludes motor and household fuels)	598	145
Florists, Pet Shops, & Other Retail Trade	599	4,446

* Standard Industrial Classification Code

SALES TAX ESTIMATE FOR SB 235, SECOND READING
 (Tax Base Excludes Food, Health Services, Gambling, Other)

ECONOMIC SECTOR	SIC Code*	ESTIMATED FY 1995 4% Sales Tax (thousands \$)
FINANCE, INSURANCE, & REAL ESTATE SERVICES	60-65, 67	6,418
BANKS & OTHER CREDIT INSTITUTIONS (Excludes Interest)	60-61	2,333
SECURITY & COMMODITY SERVICES	62	0
INSURANCE CARRIERS	63	0
INSURANCE AGENTS, AND BROKERS (Commissions)	64	680
REAL ESTATE SERVICES (Commissions)	65	2,078
HOLDING, TRUST, & OTHER INVESTMENT OFFICES	67	1,327

*Standard Industrial Classification Code

Office of Research and Information, Department of Revenue

19-Mar-93

SALES TAX ESTIMATE FOR SB 235, SECOND READING
 (Tax Base Excludes Food, Health Services, Gambling, Other)

EXHIBIT # 19
 DATE 3-25-93
 SB-235

ECONOMIC SECTOR	SIC Code*	ESTIMATED FY 1995 4% Sales Tax (thousands \$)
RECREATIONAL, BUSINESS/PROF., & OTHER SERVICES	70-89	78,295
LODGING PLACES	70	11,626
Hotels & Motels	701	10,668
Rooming & Boarding Houses	702	65
Recreational Vehicle Parks, Dude Ranches, & Rec. Camps	703	823
Membership Organization's Lodging Places	704	70
PERSONAL SERVICES	72	5,509
Laundry, Cleaning & Garment Services	721	1,490
Portrait Photographic Studios	722	341
Beauty Shops	723	1,374
Barber Shops	724	204
Shoe Repair Shops	725	40
Funeral Services including Cremation	726	1,615
Tax Return Prep., & Other Personal Services	729	444
BUSINESS SERVICES	73	13,453
Advertising Services	731	5
Consumer Credit Reporting/Collection	732	993
Mailing, Duplicating, Typing, Art/Photo	733	1,289
Services to Dwellings & Other Buildings	734	1,328
Miscellaneous Equipment Rental & Leasing	735	1,397
Personnel Supply Services	736	2,042
Computer Related Services	737	2,256
Photofinishing Labs, & Other Business Serv	738	4,142
MOTOR VEHICLE REPAIR, RENTAL, & OTHER SERVICES	75	10,093
Motor Vehicle Rental/Leasing, w/o Drivers	751	1,267
Automobile Parking	752	89
Motor Vehicle Repair Services	753	7,486
Motor Vehicles Services, Except Repair	754	1,251
ELECTRICAL AND OTHER REPAIR SERVICES	76	3,063
Electrical Repair Shops	762	623
Watch, Clock, & Jewelry Repair	763	5
Reupholstery & Furniture Repair	764	261
Welding, Armature Rewinding & Other Repair	769	2,175
MOTION PICTURES	78	1,779
Motion Picture Production, Distribution, Services	781, 782	238
Motion Picture Theaters	783	747
Video Tape Rental	784	795

* Standard Industrial Classification Code

SALES TAX ESTIMATE FOR SB 235, SECOND READING
(Tax Base Excludes Food, Health Services, Gambling, Other)

ECONOMIC SECTOR	SIC Code*	ESTIMATED FY 1995 4% Sales Tax (thousands \$)
AMUSEMENT AND RECREATIONAL SERVICES	79	8,608
Dance Studios, Schools, & Halls	791	55
Theatrical Producers, Bands/Orchestras, Other	792	817
Bowling Centers	793	591
Commercial Sports, Including Track Parimutuel Bets	794	32
Gambling, Recreational Clubs, Ski Areas, & Other Rec Services	799	7,112
HEALTH SERVICES	80	0
LEGAL SERVICES	81	9,992
PRIVATE EDUCATIONAL SERVICES	82	0
Elementary & Secondary Schools	821	0
Colleges, Universities, & Professional Sch.	822	0
Libraries	823	0
Vocational Schools	824	0
Other Schools & Educational Services	829	0
SOCIAL SERVICES	83	1,260
Individual & Family Social Services	832	169
Job Training & Vocational Rehabilitation Serv	833	345
Child Day Care Services	835	0
Residential Social & Personal Care Services (nonhealth)	836	618
Community/Social Action Groups & Other	839	128
MUSEUMS, ART GALLERIES, ZOOS, & BOTANICAL GARDENS	84	87
Museums & Art Galleries	841	83
Botanical and zoological Gardens	842	4
MEMBERSHIP ORGANIZATIONS	86	2,312
Business Associations	861	448
Professional Membership Organizations	862	135
Labor Unions & Similar Labor Organizations	863	377
Civic, Social, & Fraternal Associations	864	735
Political Organizations	865	0
Religious Organizations	866	0
Humane Societies, Art Councils, & Other	869	618
ENGINEERING, ACCOUNTING, RESEARCH, MGT SERVICES	87	9,430
Engineering, Architectural, & Surveying Ser	871	3,245
Accounting, Auditing, & Bookkeeping Services	872	2,849
Research, Development, & Testing Services	873	590
Management & Public Relations Services	874	2,745
ARTISTS, WRITERS, SCIENTIFIC CONSULTANTS, OTHER	89	935
Forestry Services	085	147

* Standard Industrial Classification Code

EXHIBIT # 19
DATE 3-25-93
SB-235

MAJOR DIFFERENCES IN EXEMPTIONS BETWEEN TWO VERSIONS OF SB 235

ITEM	INTRODUCED VERSION OF SB 235	2nd READING VERSION OF SB 235
Residential Utility Services	Taxable	Exempt
Private School Tuition	Taxable	Exempt
Building Construction Services	Taxable	Exempt
Intrastate Transportation Services	Taxable	Exempt

PRINCIPAL ITEMS EXCLUDED FROM THE SALES TAX BASE
SB 235, Second Reading

CONSUMER EXPENDITURES:

1. Non-Prepared Food--Groceries
2. Medical and Counseling Services
3. Prescription Drugs
4. Residential Utilities (includes electricity, natural gas, water, telephone)
5. Residential Construction (new and remodeled homes)
6. Purchases of Already Constructed Homes and Other Real Estate
7. Rent or Mortgage Payments
8. Licensed Gambling
9. Gasoline, Gasohol, and Special Fuels (primarily diesel)
10. Trade-in Allowances on the Purchase of Like Kind Property
11. Railroad, Highway, and Air Passenger Transportation
12. Newspapers, Magazines, and Books
13. Day-Care Services
14. Purchases of Stocks and Bonds
15. Insurance Premiums
16. Interest on Money Borrowed or Deposited

BUSINESS EXPENDITURES:

AGRICULTURE

1. Agricultural Supplies and Agricultural Services
2. Crop or Livestock Purchases

MINING AND MANUFACTURING

1. Purchases of Mining and Manufacturing Services (e.g., oil field services)
2. Purchase or Lease of Minerals
3. Purchases of Property for Incorporation into a Mining or Manufacturing Product

OTHER BUSINESS EXPENDITURES

1. Advertising Services
2. Documented Purchases for Resale

OTHER ITEMS:

1. Purchases by Government Agencies & Indian Tribes
2. Purchases Related to Interstate Commerce
3. Wages, Salaries, & Other Compensation Paid by an Employer

Income Tax Proposal -- SB-235 as Amended -- Single Filers -- FY1994

Income Bracket	Number of Households	Total Income	Current Law		Proposed Law		Difference	Current to Proposed Law		No. Tax Liability		Percentage of		Effective Tax Rates		Percent of Total Liability		Dollar Change in Avg. Liability
			Law	Law	Law	Law		Gainners	Losers	Change	No.	Current	Proposed	Law	Law	Law	Law	
0 - 2,000	17,820	21,031,326	15,282	0	15,282	0	(15,282)	648	0	17,172	12,658	17,820	0.00%	0.00%	0.00%	0.00%	0.00%	(1)
2,000 - 4,000	17,668	52,053,030	351,919	0	351,919	0	(351,919)	14,580	0	3,078	17,568	17,568	0.00%	0.00%	0.00%	0.00%	0.00%	(2)
4,000 - 6,000	14,580	77,052,388	787,468	0	787,468	0	(787,468)	11,964	0	2,916	2,592	14,580	0.00%	0.00%	0.24%	0.00%	0.00%	(3)
6,000 - 8,000	11,016	77,302,336	1,131,433	0	1,131,433	0	(1,131,433)	9,396	0	1,620	1,620	11,016	0.00%	0.00%	0.00%	0.00%	0.00%	(103)
8,000 - 10,000	10,368	93,268,584	1,030,966	290,156	1,400,810	1,030,966	(1,400,810)	9,396	0	972	810	5,670	0.00%	0.00%	0.53%	0.10%	0.00%	(135)
10,000 - 12,000	9,164	100,614,720	2,039,987	1,026,630	1,013,357	1,013,357	(1,013,357)	8,600	322	242	282	3,112	0.00%	0.00%	0.64%	0.37%	0.00%	(111)
12,000 - 14,000	7,420	95,660,432	2,188,242	1,485,263	1,702,979	1,485,263	(1,702,979)	6,334	440	646	646	1,684	0.00%	0.00%	0.68%	0.54%	0.00%	(89)
14,000 - 16,000	6,244	93,483,242	2,621,784	1,967,255	2,196,914	1,967,255	(2,196,914)	5,444	920	202	160	1,204	0.00%	0.00%	0.82%	0.71%	0.00%	(106)
16,000 - 18,000	4,962	83,895,316	2,566,856	2,196,914	2,566,856	2,196,914	(2,566,856)	3,840	520	242	362	1,204	0.00%	0.00%	0.82%	0.71%	0.00%	(75)
18,000 - 20,000	5,244	98,986,964	3,352,841	2,570,887	3,352,841	2,570,887	(3,352,841)	4,042	1,000	202	242	364	0.00%	0.00%	1.02%	1.02%	0.00%	(73)
20,000 - 25,000	8,764	196,727,390	7,329,142	6,824,412	7,329,142	6,824,412	(7,329,142)	5,340	2,400	484	404	444	0.00%	0.00%	2.30%	2.46%	0.00%	(83)
25,000 - 30,000	5,846	159,936,414	6,537,006	6,375,005	6,537,006	6,375,005	(6,537,006)	3,558	1,128	82	84	40	0.00%	0.00%	2.05%	2.30%	0.00%	(28)
30,000 - 35,000	3,982	128,273,960	5,350,178	5,488,513	5,350,178	5,488,513	138,335	1,524	2,086	272	228	182	0.00%	0.00%	1.68%	1.98%	0.00%	35
35,000 - 40,000	2,424	89,719,892	3,904,388	3,972,289	3,904,388	3,972,289	67,902	1,052	1,122	250	184	202	0.00%	0.00%	1.23%	1.43%	0.00%	28
40,000 - 45,000	1,474	62,590,352	2,925,336	2,999,329	2,925,336	2,999,329	73,994	560	814	0	0	0	0.00%	0.00%	0.92%	1.08%	0.00%	50
45,000 - 50,000	775	36,656,444	1,789,981	1,812,365	1,789,981	1,812,365	22,374	440	335	0	0	0	0.00%	0.00%	0.58%	0.65%	0.00%	29
50,000 - 55,000	726	38,020,259	2,010,630	1,926,966	2,010,630	1,926,966	(73,665)	434	292	0	15	0	0.00%	0.00%	0.63%	0.70%	0.00%	(101)
55,000 - 60,000	352	20,225,517	1,030,423	1,039,177	1,030,423	1,039,177	8,754	210	127	15	0	0	0.00%	0.00%	0.32%	0.37%	0.00%	25
60,000 - 65,000	255	13,627,910	785,520	789,357	785,520	789,357	3,837	135	120	0	0	0	0.00%	0.00%	0.23%	0.28%	0.00%	170
65,000 - 70,000	202	12,682,023	619,525	626,023	619,525	626,023	6,498	80	85	2	0	0	0.00%	0.00%	0.25%	0.27%	0.00%	(187)
70,000 - 75,000	104	8,038,073	462,003	447,798	462,003	447,798	(14,205)	63	40	1	0	0	0.00%	0.00%	0.15%	0.16%	0.00%	(137)
75,000 - 80,000	210	17,874,522	920,630	903,134	920,630	903,134	(17,496)	131	78	1	0	0	0.00%	0.00%	0.29%	0.33%	0.00%	(83)
80,000 - 100,000	119	11,312,956	619,250	622,957	619,250	622,957	3,697	74	44	2	0	0	0.00%	0.00%	0.17%	0.22%	0.00%	31
100,000 - 110,000	91	9,474,811	530,443	521,824	530,443	521,824	(8,619)	58	33	0	0	0	0.00%	0.00%	0.19%	0.19%	0.00%	(95)
110,000 - 120,000	47	5,373,821	307,698	294,828	307,698	294,828	(13,070)	28	19	0	0	0	0.00%	0.00%	0.10%	0.11%	0.00%	(278)
120,000 - 130,000	54	6,744,153	392,466	378,390	392,466	378,390	(14,077)	33	20	1	0	0	0.00%	0.00%	0.12%	0.14%	0.00%	(281)
130,000 - 140,000	48	6,485,978	360,135	345,404	360,135	345,404	(14,730)	32	16	0	0	0	0.00%	0.00%	0.11%	0.13%	0.00%	(99)
140,000 - 150,000	34	4,920,255	283,464	286,052	283,464	286,052	2,588	22	12	0	2	0	0.00%	0.00%	0.09%	0.10%	0.00%	76
150,000 - & Above	259	77,253,501	4,721,808	4,360,158	4,721,808	4,360,158	(361,651)	161	75	23	22	22	0.00%	0.00%	1.48%	1.57%	0.00%	(396)
TOTALS	130,409	1,709,696,275	58,253,855	50,638,795	58,253,855	50,638,795	(7,615,060)	88,874	13,132	28,403	22,771	74,350	68.15%	10.07%	18.29%	18.25%	0.00%	(50)

Decile Group	Number of Households	Total Income	Current Law		Proposed Law		Difference	Current to Proposed Law		No. Tax Liability		Percentage of		Effective Tax Rates		Percent of Total Liability		Dollar Change in Avg. Liability
			Law	Law	Law	Law		Gainners	Losers	Change	No.	Current	Proposed	Law	Law	Law	Law	
1	27,702	46,280,332	165,039	0	165,039	0	(165,039)	8,910	0	18,792	14,094	27,702	0.00%	0.00%	0.36%	0.00%	0.00%	(6)
2	23,976	108,910,890	1,122,640	0	1,122,640	0	(1,122,640)	19,440	0	4,536	3,898	23,976	0.00%	0.00%	1.03%	0.00%	0.00%	(47)
3	19,116	154,126,800	2,540,286	2,693,674	2,540,286	2,693,674	153,388	16,886	0	2,430	2,268	14,742	0.00%	0.00%	1.65%	0.17%	4.36%	(119)
4	17,032	199,853,664	4,308,290	2,493,866	4,308,290	2,493,866	(1,814,424)	15,462	682	888	888	5,130	0.00%	0.00%	2.16%	1.25%	7.40%	(107)
5	12,966	208,607,518	6,256,507	5,111,479	6,256,507	5,111,479	(1,145,028)	10,684	1,840	442	442	1,566	0.00%	0.00%	3.00%	2.45%	10.74%	(83)
6	11,248	237,635,104	8,356,646	7,629,880	8,356,646	7,629,880	(726,767)	7,802	2,300	646	606	788	0.00%	0.00%	3.52%	3.21%	14.35%	(65)
7	8,208	225,101,896	9,213,109	9,062,776	9,213,109	9,062,776	(150,333)	4,910	3,130	168	146	80	0.00%	0.00%	4.09%	4.03%	15.82%	(18)
8	5,442	189,565,054	8,110,804	8,272,304	8,110,804	8,272,304	161,500	2,328	2,636	456	390	364	0.00%	0.00%	4.28%	4.36%	16.34%	30
9	2,669	121,629,239	5,999,321	5,990,828	5,999,321	5,990,828	(8,493)	1,286	1,256	0	15	0	0.00%	0.00%	4.93%	4.83%	10.30%	(3)
10	2,069	217,955,608	12,181,211	11,807,980	12,181,211	11,807,980	(373,231)	1,266	788	45	34	22	0.00%	0.00%	5.59%	5.42%	20.91%	(178)
10A	614	35,132,424	1,708,682	1,758,065	1,708,682	1,758,065	49,383	337	262	15	0	0	0.00%	0.00%	2.93%	3.47%	2.93%	80
10B	600	600,755	2,229,402	2,226,255	2,229,402	2,226,255	(3,147)	373	223	4	1	0	0.00%	0.00%	5.26%	4.40%	3.83%	(9)
10C	885	141,267,429	9,453,127	7,823,590	9,453,127	7,823,590	(1,629,537)	556	303	26	22	22	0.00%	0.00%	5.84%	5.84%	14.15%	(474)
TOTAL	130,409	1,709,696,275	58,253,853	50,638,795	58,253,853	50,638,795	(7,615,058)	88,874	13,132	28,403	22,771	74,350	68.15%	10.07%	18.29%	18.25%	0.00%	(50)

12-Mar-93

Income Tax Proposal -- SB-235 as Amended -- Head of Household -- FY1994

Income Bracket	Number of Households	Total Income		Tax		Current to Proposed Law		No. Tax Liability		Percentage of		Effective Tax Rates		Percent of Total Liability		Dollars Change in Avg Liability
		Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	810	1,422,262	0	0	0	810	810	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	
2,000 - 4,000	648	1,863,000	3,134	0	162	0	486	25.00%	0.00%	0.00%	0.00%	0.17%	0.00%	0.00%	(9)	
4,000 - 8,000	1,296	6,445,656	28,290	0	972	0	324	75.00%	0.00%	0.00%	0.00%	0.44%	0.00%	0.00%	(22)	
8,000 - 10,000	1,620	10,967,724	113,033	0	1,296	0	324	80.00%	0.00%	0.00%	0.00%	1.03%	0.00%	0.00%	(70)	
10,000 - 12,000	1,968	21,936,924	279,410	0	2,106	0	162	92.66%	0.00%	0.00%	0.00%	1.36%	0.00%	0.00%	(123)	
12,000 - 14,000	1,080	14,259,800	342,925	4,548	1,928	0	40	97.97%	0.00%	0.00%	0.00%	1.55%	0.02%	0.11%	(172)	
14,000 - 16,000	1,296	18,885,290	406,730	40,306	1,040	0	40	96.30%	0.00%	0.00%	0.00%	2.16%	0.01%	0.10%	(248)	
16,000 - 18,000	1,440	24,544,320	661,311	308,244	1,400	40	0	96.88%	3.13%	1.13%	0.13%	2.19%	0.55%	0.04%	(237)	
18,000 - 20,000	920	17,549,520	421,047	244,546	760	160	0	82.61%	2.78%	1.25%	0.13%	2.40%	0.11%	0.11%	(245)	
20,000 - 25,000	2,442	54,447,244	1,808,301	1,188,282	1,920	360	162	78.62%	14.74%	2.95%	0.51%	2.95%	0.43%	0.43%	(192)	
25,000 - 30,000	1,766	47,950,898	1,690,839	1,348,703	1,278	282	206	72.37%	15.97%	3.53%	0.53%	2.81%	0.49%	0.49%	(194)	
30,000 - 35,000	836	26,572,750	1,156,035	942,657	776	110	0	85.84%	13.16%	4.35%	0.36%	4.35%	0.34%	0.34%	(225)	
35,000 - 40,000	638	23,833,678	1,162,064	946,796	506	132	0	79.31%	20.69%	4.83%	0.36%	4.83%	0.34%	0.34%	(222)	
40,000 - 45,000	330	13,850,892	683,296	610,780	220	110	0	66.67%	33.33%	4.79%	0.21%	4.79%	0.22%	0.22%	(159)	
45,000 - 50,000	284	13,372,342	679,705	606,807	217	67	0	76.41%	23.59%	5.08%	0.21%	5.08%	0.22%	0.22%	(257)	
50,000 - 55,000	97	5,121,065	251,903	223,004	82	15	0	84.54%	15.46%	4.92%	0.08%	4.92%	0.08%	0.08%	(195)	
55,000 - 60,000	45	2,553,240	153,369	126,030	30	15	0	66.67%	33.33%	6.01%	0.05%	6.01%	0.05%	0.05%	(608)	
60,000 - 65,000	37	2,324,390	41,964	62,148	0	37	0	100.00%	0.00%	0.00%	0.01%	0.00%	0.02%	0.02%	546	
65,000 - 70,000	35	2,343,941	113,688	115,625	15	20	0	42.86%	57.14%	8.65%	0.04%	8.65%	0.04%	0.04%	56	
70,000 - 75,000	22	1,590,275	97,758	84,861	18	4	0	81.82%	18.18%	8.15%	0.03%	8.15%	0.03%	0.03%	(556)	
75,000 - 80,000	12	929,519	48,807	50,048	8	4	0	66.67%	33.33%	5.25%	0.02%	5.25%	0.02%	0.02%	103	
80,000 - 90,000	38	3,208,712	195,790	171,252	28	10	0	73.68%	26.32%	6.10%	0.06%	6.10%	0.06%	0.06%	(646)	
90,000 - 100,000	21	1,963,182	115,340	107,424	16	5	0	76.19%	23.81%	5.89%	0.04%	5.89%	0.04%	0.04%	(377)	
100,000 - 110,000	18	1,876,762	115,207	103,138	13	5	0	72.22%	27.78%	6.14%	0.04%	6.14%	0.04%	0.04%	(671)	
110,000 - 120,000	16	1,672,921	105,101	103,247	7	8	1	43.75%	56.25%	5.77%	0.03%	5.77%	0.03%	0.03%	(116)	
120,000 - 130,000	12	1,495,032	84,819	77,370	8	4	0	66.67%	33.33%	5.67%	0.03%	5.67%	0.03%	0.03%	(821)	
130,000 - 140,000	10	1,335,747	76,311	70,502	8	2	0	80.00%	20.00%	5.90%	0.02%	5.90%	0.02%	0.02%	(831)	
140,000 - 150,000	8	1,155,294	66,805	62,844	5	3	0	62.50%	37.50%	5.78%	0.02%	5.78%	0.02%	0.02%	(495)	
150,000 - & Above	52	19,676,499	1,496,766	1,258,112	42	10	0	80.77%	19.23%	7.61%	0.45%	7.61%	0.45%	0.45%	(482)	
TOTALS	20,049	365,574,091	12,480,049	8,968,688	16,051	1,443	2,555	80.06%	7.20%	3.41%	2.45%	3.41%	2.45%	2.45%	(175)	

Decile Group	Number of Households	Total Income		Tax		Current to Proposed Law		No. Tax Liability		Percentage of		Effective Tax Rates		Percent of Total Liability		Dollars Change in Avg Liability
		Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	Current Law	Proposed Law	
1	1,296	2,368,824	3,134	0	162	0	1,134	972	12.50%	0.00%	0.13%	0.00%	0.00%	0.00%	(2)	
2	1,762	9,074,430	65,672	0	1,296	0	486	486	72.73%	0.00%	0.61%	0.00%	0.49%	0.00%	(91)	
3	3,078	24,744,204	278,740	0	2,592	0	486	324	84.21%	0.00%	1.19%	0.00%	2.27%	0.00%	(91)	
4	3,374	38,776,600	665,226	28,390	3,334	0	40	40	98.81%	0.00%	1.79%	0.07%	5.57%	0.32%	(198)	
5	3,120	50,048,880	471,133	40,306	3,000	80	40	40	96.15%	2.56%	2.42%	0.84%	9.72%	5.25%	(236)	
6	2,642	55,768,824	1,536,865	1,101,896	2,080	400	162	162	78.73%	15.14%	2.76%	1.98%	12.31%	12.29%	(165)	
7	2,768	73,667,816	2,668,346	2,113,031	2,034	468	206	162	75.11%	17.28%	3.61%	2.88%	21.37%	23.56%	(209)	
8	1,078	38,846,610	1,859,184	1,530,104	860	198	0	0	81.63%	18.37%	4.90%	3.94%	14.87%	13.98%	(195)	
9	600	27,232,174	1,234,611	1,217,707	445	155	0	0	74.17%	25.83%	4.90%	4.47%	17.06%	13.58%	(195)	
10A	371	44,725,729	2,840,522	2,506,436	228	142	1	1	61.46%	38.54%	5.60%	5.60%	22.76%	27.95%	(901)	
10B	90	5,004,465	279,557	241,815	60	30	0	0	66.67%	33.33%	5.59%	4.83%	2.74%	2.70%	(420)	
10C	102	6,870,550	284,259	294,259	39	63	0	0	38.24%	61.76%	4.13%	4.28%	2.28%	3.28%	100	
10D	178	32,875,714	8,078,811	1,970,362	128	49	1	1	72.07%	27.93%	6.93%	6.00%	18.24%	21.97%	(1,712)	
TOTAL	20,049	365,574,091	12,480,049	8,968,688	16,051	1,443	2,555	2,187	80.06%	7.20%	3.41%	2.45%	100.00%	100.00%	(175)	

Income Tax Proposal - SB-235 as Amended - Married Filing Joint - FY1994

Income Bracket	Number of Households	Total Income	Tax		Current to Proposed Law		No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total Liability		Dollar Change in Avg Liability
			Current Law	Proposed Law	Gainners	Losers	Change	Current Law	Proposed Law	Gainners	Losers	Current Law	Proposed Law	Current Law	
0 - 2,000	1,296	1,120,554	18,125	0	162	0	1,134	1,296	12.50%	0.00%	1.62%	0.00%	0.01%	0.00%	(14)
2,000 - 4,000	2,430	8,143,092	11,874	0	486	0	1,944	2,430	20.00%	0.00%	0.15%	0.00%	0.00%	0.00%	(6)
4,000 - 6,000	2,108	10,538,504	4,817	0	324	0	1,782	2,108	15.35%	0.00%	0.04%	0.00%	0.00%	0.00%	(2)
6,000 - 8,000	4,050	28,115,936	67,480	0	1,458	0	2,592	4,050	36.00%	0.00%	0.24%	0.00%	0.07%	0.00%	(17)
8,000 - 10,000	5,346	48,723,768	237,727	0	2,854	0	1,944	5,346	60.61%	0.00%	0.49%	0.00%	0.10%	0.00%	(44)
10,000 - 12,000	3,742	41,247,504	310,142	0	2,854	0	686	3,742	76.27%	0.00%	0.75%	0.00%	0.07%	0.00%	(83)
12,000 - 14,000	4,218	54,774,940	525,125	3,910	3,724	0	970	4,130	77.00%	0.00%	0.96%	0.01%	0.16%	0.00%	(124)
14,000 - 16,000	4,850	70,218,954	830,223	30,909	3,724	0	926	4,170	80.08%	0.00%	1.18%	0.04%	0.26%	0.01%	(172)
16,000 - 18,000	4,366	74,162,968	1,007,419	63,953	3,582	80	684	3,646	81.58%	1.83%	1.35%	0.09%	0.32%	0.02%	(218)
18,000 - 20,000	3,784	71,050,094	1,203,941	241,193	3,282	40	402	2,684	87.19%	1.05%	1.69%	0.34%	0.38%	0.06%	(296)
20,000 - 25,000	8,002	180,188,354	4,167,649	1,366,304	6,064	400	400	2,242	90.50%	5.00%	2.31%	0.49%	1.31%	0.49%	(350)
25,000 - 30,000	6,978	190,040,060	5,254,972	2,804,582	6,064	610	304	1,320	86.90%	8.74%	2.77%	1.48%	1.65%	1.01%	(351)
30,000 - 35,000	5,156	166,941,352	5,863,762	3,699,548	4,760	374	22	2,444	97.32%	7.25%	3.52%	2.16%	1.84%	1.30%	(440)
35,000 - 40,000	4,062	151,787,576	6,498,683	4,451,965	3,600	462	0	62	88.63%	11.37%	4.23%	2.93%	2.04%	1.60%	(504)
40,000 - 45,000	3,772	160,014,478	6,669,131	5,021,089	3,152	458	162	242	85.90%	12.04%	4.69%	3.42%	2.09%	1.81%	(437)
45,000 - 50,000	2,418	114,576,618	5,371,936	3,915,646	2,077	179	162	202	82.97%	17.03%	4.89%	3.42%	1.89%	1.41%	(622)
50,000 - 55,000	1,362	71,450,209	3,639,786	2,921,982	1,198	164	0	0	97.96%	12.04%	5.09%	4.09%	1.44%	1.05%	(527)
55,000 - 60,000	1,133	65,027,491	3,177,794	2,568,751	1,021	112	0	40	82.97%	17.03%	4.89%	3.95%	1.00%	0.93%	(538)
60,000 - 65,000	922	57,482,777	3,105,345	2,557,909	765	157	0	0	70.72%	23.76%	5.40%	4.45%	0.98%	0.92%	(594)
65,000 - 70,000	724	48,712,101	2,354,070	2,008,892	512	172	40	40	78.41%	23.76%	4.83%	4.29%	0.74%	0.75%	(666)
70,000 - 75,000	401	28,981,403	1,594,560	1,374,553	323	77	1	0	80.55%	19.20%	5.50%	4.74%	0.50%	0.50%	(548)
75,000 - 80,000	344	26,539,623	1,414,187	1,271,948	265	81	0	0	76.45%	23.65%	5.33%	4.79%	0.44%	0.46%	(413)
80,000 - 90,000	458	38,660,560	2,093,425	1,962,210	354	103	1	0	77.29%	24.49%	5.41%	4.52%	0.66%	0.69%	(418)
90,000 - 100,000	329	31,049,157	1,707,732	1,502,897	247	89	3	0	75.08%	24.92%	5.50%	4.84%	0.54%	0.54%	(623)
100,000 - 110,000	227	23,773,286	1,427,339	1,249,455	178	49	0	0	78.41%	21.59%	6.00%	5.26%	0.45%	0.45%	(735)
110,000 - 120,000	180	20,697,042	1,233,048	1,120,805	136	44	2	0	75.56%	24.44%	5.96%	5.42%	0.39%	0.40%	(624)
120,000 - 130,000	136	16,917,649	1,018,527	911,538	112	24	0	0	82.35%	17.65%	6.02%	5.39%	0.32%	0.33%	(787)
130,000 - 140,000	109	14,765,403	917,439	816,770	93	16	0	0	85.32%	14.88%	6.24%	5.56%	0.29%	0.29%	(924)
140,000 - 150,000	96	13,894,934	883,839	771,941	82	14	0	0	85.42%	14.88%	6.43%	5.56%	0.28%	0.28%	(1,270)
150,000 - & Above	501	166,573,104	11,161,587	9,920,385	488	113	3	0	81.20%	18.80%	6.70%	5.96%	3.50%	3.59%	(2,069)
TOTALS	73,378	1,996,394,841	73,786,247	52,478,943	55,007	3,811	14,560	39,000	74.96%	5.19%	3.70%	2.63%	23.17%	18.92%	(290)

Decile Group	Number of Households	Total Income	Tax		Current to Proposed Law		No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total Liability		Dollar Change in Avg Liability
			Current Law	Proposed Law	Gainners	Losers	Change	Current Law	Proposed Law	Gainners	Losers	Current Law	Proposed Law		
1	1,944	2,853,328	18,125	0	162	0	1,782	1,944	8.33%	0.00%	0.63%	0.00%	0.02%	0.00%	(9)
2	4,374	20,244,320	23,017	0	1,134	0	3,078	4,374	25.59%	0.00%	0.11%	0.00%	0.03%	0.00%	(6)
3	8,252	67,407,592	62,408	0	3,888	0	4,272	8,252	47.08%	0.00%	0.39%	0.00%	0.36%	0.00%	(32)
4	8,206	96,853,986	854,988	3,910	6,388	0	1,616	8,126	77.83%	0.00%	1.26%	0.00%	1.16%	0.01%	(104)
5	10,418	168,180,954	2,120,718	138,098	8,368	120	1,852	8,978	80.30%	1.15%	2.85%	0.08%	2.87%	0.26%	(190)
6	9,846	210,348,708	4,505,894	3,345,218	8,784	360	762	4,926	89.01%	3.64%	2.14%	0.64%	6.11%	2.56%	(321)
7	9,204	255,753,306	7,281,173	3,892,648	6,196	804	424	1,702	83.09%	8.64%	2.85%	1.52%	9.87%	7.42%	(364)
8	8,186	290,279,926	11,582,464	7,650,129	7,460	704	22	164	91.13%	8.60%	3.98%	2.63%	15.70%	14.58%	(482)
9	6,819	311,444,611	14,074,866	10,576,675	5,781	724	434	444	84.48%	10.76%	4.52%	3.40%	19.08%	20.15%	(613)
10	6,019	572,530,140	32,062,583	28,872,168	4,388	1,088	82	60	81.21%	18.09%	5.77%	5.04%	44.81%	56.02%	(896)
10A	1,904	109,610,725	5,229,784	4,504,143	1,695	209	40	40	75.05%	22.30%	5.04%	4.11%	7.48%	8.59%	(639)
10B	1,906	130,875,541	6,741,908	5,883,468	1,440	425	45	40	75.05%	22.30%	5.15%	4.50%	9.14%	11.21%	(450)
10C	2,299	222,043,666	20,730,891	18,484,657	1,763	455	15	0	79.26%	20.60%	6.26%	5.57%	28.18%	35.22%	(1,045)
TOTAL	73,378	1,996,394,841	73,786,246	52,478,944	55,007	3,811	14,560	39,000	74.96%	5.19%	3.70%	2.63%	100.00%	100.00%	(290)

12-Mar-93

Income Tax Proposal -- SB-235 as Amended -- Married Filing Separate -- FY1994

Income Bracket	Number of Households	Total Income		Tax		Current to Proposed Law		No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total Liability		Dollar Change in Avg Liability
		Current Law	Proposed Law	Current Law	Proposed Law	Gains	Losses	No Current	Proposed Law	Gains	Losses	Current Law	Proposed Law	Current Law	Proposed Law	
0 - 2,000	162	153,738	0	0	0	162	0	162	162	0.00%	0.00%	0.00%	0.00%	0.00%	0	
2,000 - 4,000	810	2,538,054	0	0	0	324	0	324	810	0.00%	0.00%	0.00%	0.00%	0.01%	(20)	
4,000 - 6,000	486	2,533,032	0	0	0	0	0	0	486	0.00%	0.00%	1.63%	0.00%	0.01%	(83)	
6,000 - 8,000	324	2,552,772	16,520	16,520	0	0	0	0	324	100.00%	0.00%	0.73%	0.00%	0.01%	(51)	
8,000 - 10,000	648	5,448,060	15,394	15,394	0	162	0	162	486	75.00%	0.00%	1.09%	0.28%	0.02%	(86)	
10,000 - 12,000	1,296	13,324,980	59,464	59,464	0	486	0	486	968	59.70%	0.00%	1.00%	0.45%	0.04%	(62)	
12,000 - 14,000	1,566	20,425,460	118,157	118,157	0	0	0	0	1,086	94.90%	2.55%	1.46%	0.56%	0.09%	(115)	
14,000 - 16,000	1,862	28,236,904	466,304	466,304	162,411	80	40	80	1,242	91.62%	4.25%	1.61%	0.57%	0.14%	(159)	
16,000 - 18,000	2,230	39,491,600	723,895	723,895	310,643	80	40	80	1,440	89.66%	6.90%	1.85%	0.75%	0.22%	(180)	
18,000 - 20,000	2,242	42,340,536	665,677	665,677	296,392	40	40	40	1,362	92.86%	5.55%	1.62%	0.70%	0.22%	(174)	
20,000 - 25,000	7,160	162,108,960	3,353,721	3,353,721	1,758,976	480	80	80	2,480	92.18%	6.70%	2.07%	1.09%	0.25%	(223)	
25,000 - 30,000	8,210	226,461,594	5,822,455	5,822,455	4,097,103	44	44	44	1,010	85.92%	13.54%	2.57%	1.81%	0.11%	(210)	
30,000 - 35,000	8,164	276,978,352	8,353,128	8,353,128	7,033,654	88	88	88	328	72.12%	26.84%	3.02%	2.54%	0.26%	(155)	
35,000 - 40,000	8,766	328,351,744	11,060,066	11,060,066	10,225,750	44	44	44	40	58.13%	39.61%	3.36%	3.10%	0.47%	(95)	
40,000 - 45,000	8,792	372,887,790	13,475,108	13,475,108	12,110,855	44	44	44	22	54.21%	45.29%	3.61%	3.52%	0.23%	(41)	
45,000 - 50,000	8,062	383,461,821	14,738,738	14,738,738	14,633,553	44	44	44	0	48.58%	48.58%	3.84%	3.82%	0.46%	(13)	
50,000 - 55,000	7,115	373,344,077	14,870,917	14,870,917	14,864,140	75	75	75	162	48.88%	50.08%	3.96%	3.96%	0.47%	(12)	
55,000 - 60,000	4,616	284,879,669	10,862,988	10,862,988	11,415,262	45	45	45	0	37.98%	61.05%	4.10%	4.11%	0.11%	(1)	
60,000 - 65,000	3,964	246,832,446	10,515,516	11,022,348	507,032	15	15	15	0	34.41%	65.21%	4.26%	4.46%	0.23%	(128)	
65,000 - 70,000	2,847	171,813,921	7,580,962	7,952,778	372,116	15	15	15	0	37.65%	61.25%	4.41%	4.63%	0.23%	(146)	
70,000 - 75,000	1,928	138,338,528	6,322,988	6,490,531	167,543	15	15	15	0	39.15%	60.49%	4.54%	4.66%	0.19%	(87)	
75,000 - 80,000	1,402	108,445,027	4,897,821	5,145,171	247,350	9	9	9	0	37.65%	61.70%	4.52%	4.74%	0.15%	(176)	
80,000 - 90,000	1,790	151,078,816	7,139,384	7,362,181	222,797	14	14	14	0	34.41%	58.60%	4.73%	4.87%	0.24%	(124)	
90,000 - 100,000	1,110	105,014,413	5,172,892	5,273,440	100,548	14	14	14	0	41.10%	54.39%	4.92%	5.02%	0.10%	(91)	
100,000 - 110,000	708	74,339,579	3,748,745	3,790,023	41,280	3	3	3	0	51.20%	48.38%	5.04%	5.09%	0.18%	58	
110,000 - 120,000	522	59,898,606	3,067,727	3,078,214	8,487	6	6	6	0	50.96%	47.89%	5.12%	5.14%	0.16%	16	
120,000 - 130,000	411	51,317,755	2,683,897	2,691,139	7,242	190	190	190	0	53.77%	46.23%	5.22%	5.19%	0.84%	(95)	
130,000 - 140,000	282	38,016,819	2,088,651	2,091,428	(2,678)	110	110	110	0	60.99%	39.01%	5.32%	5.34%	0.66%	(231)	
140,000 - 150,000	228	32,960,793	1,858,965	1,785,338	(73,657)	85	85	85	0	62.28%	37.28%	5.54%	5.47%	0.58%	(223)	
150,000 - & Above	1,614	572,144,164	33,685,620	30,644,349	(3,041,271)	404	1	1	3	74.91%	25.03%	6.49%	5.87%	10.63%	(1,997)	
TOTALS	89,388	4,247,867,807	173,931,034	165,236,904	(8,694,129)	2,043	1,424	12,384	12,384	62.67%	35.04%	4.09%	3.89%	54.62%	(96)	

Decile Group	Number of Households	Total Income		Tax		Current to Proposed Law		No Tax Liability		Percentage of		Effective Tax Rates		Percent of Total Liability		Dollar Change in Avg Liability
		Current Law	Proposed Law	Current Law	Proposed Law	Gains	Losses	No Current	Proposed Law	Gains	Losses	Current Law	Proposed Law	Current Law	Proposed Law	
1	646	1,445,688	0	0	0	486	0	486	648	25.00%	0.00%	0.10%	0.00%	0.00%	(6)	
2	810	3,779,136	0	0	0	0	0	0	810	100.00%	0.00%	1.47%	0.00%	0.03%	(88)	
3	972	7,700,832	15,384	15,384	0	162	0	162	810	82.23%	0.00%	0.96%	0.20%	0.04%	(62)	
4	2,774	33,750,480	432,256	432,256	177,624	0	0	0	2,052	79.60%	1.44%	1.28%	0.53%	0.25%	(92)	
5	4,804	78,736,080	1,315,214	1,315,214	482,668	40	40	40	3,304	91.67%	5.00%	1.67%	0.61%	0.76%	(173)	
6	7,640	164,960,280	3,397,803	3,397,803	1,797,278	160	160	160	40	93.19%	6.28%	2.06%	1.09%	1.95%	(209)	
7	11,224	311,845,306	8,052,334	8,052,334	5,728,593	84	84	84	0	84.78%	14.47%	2.58%	1.84%	4.63%	(207)	
8	16,572	596,687,484	19,235,270	19,235,270	17,549,742	286	286	286	346	61.95%	36.33%	3.24%	2.94%	11.12%	(108)	
9	21,287	999,152,968	37,992,504	37,992,504	37,979,924	133	133	133	44	52.37%	47.01%	3.86%	3.74%	21.84%	(28)	
10	22,557	1,048,639,653	103,261,900	102,705,698	(556,202)	166	166	166	6	42.27%	51.00%	5.04%	4.99%	59.38%	(47)	
10A	7,995	460,821,889	18,004,386	18,004,386	18,004,386	75	75	75	0	37.02%	62.04%	4.12%	4.31%	12.02%	(108)	
10B	7,909	573,395,588	23,238,835	24,258,046	1,019,211	51	51	51	2	37.75%	61.58%	4.44%	4.31%	13.36%	(134)	
10C	7,054	1,066,622,196	51,093,679	50,091,511	(1,002,168)	40	40	40	4	53.09%	46.34%	5.73%	5.45%	35.09%	(419)	
TOTAL	89,388	4,247,867,807	173,931,034	165,236,904	(8,694,129)	2,043	1,424	12,384	12,384	62.67%	35.04%	4.09%	3.89%	54.62%	(96)	

Income Tax Proposal - SB-235 as Amended - All Filers - FY1994

Income Bracket	Number of Households	Total Income		Current Law		Proposed Law		Difference	Current to Proposed Law		No Tax Liability		Percentage of Gainers/Losers		Effective Tax Rates		Percent of Total Liability		Dollar Change in Avg Liability
		Income	Households	Current Law	Proposed Law	Current Law	Proposed Law		Gainers	Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law	Proposed Law	Current Law	
0 - 2,000	20,088	23,447,880	33,406	0	33,406	0	(33,406)	810	0	19,278	14,742	20,088	0.03%	0.00%	0.14%	0.00%	0.01%	0.00%	(2)
2,000 - 4,000	21,546	64,597,176	383,324	0	383,324	0	(383,324)	15,714	0	5,832	5,022	20,088	72.93%	0.00%	0.59%	0.00%	0.00%	0.00%	(19)
4,000 - 6,000	18,410	91,868,580	841,749	0	841,749	0	(841,749)	13,446	0	5,022	4,658	18,410	72.31%	0.00%	0.26%	0.00%	0.00%	0.00%	(46)
6,000 - 8,000	17,010	118,633,918	1,328,466	0	1,328,466	0	(1,328,466)	12,474	0	4,536	4,374	17,010	73.33%	0.00%	1.12%	0.00%	0.42%	0.00%	(78)
8,000 - 10,000	18,630	168,044,544	2,957,515	305,540	1,961,975	305,540	(1,961,975)	15,228	0	3,402	3,078	13,770	81.74%	0.00%	1.35%	0.18%	0.71%	0.11%	(105)
10,000 - 12,000	16,980	177,124,148	2,826,985	1,890,642	1,787,323	1,090,642	(1,787,323)	14,102	222	1,856	1,484	9,708	87.70%	2.00%	1.60%	0.62%	0.89%	0.39%	(108)
12,000 - 14,000	14,286	185,140,662	3,320,612	1,647,636	1,672,976	1,672,976	(1,672,976)	12,110	480	1,896	1,896	7,478	84.77%	3.56%	1.79%	0.85%	1.04%	0.59%	(117)
14,000 - 16,000	14,056	210,896,380	4,315,051	2,254,060	2,060,981	2,060,981	(2,060,981)	10,882	680	1,206	1,166	7,296	86.58%	4.84%	2.05%	1.07%	1.36%	0.81%	(147)
16,000 - 18,000	13,088	222,094,204	4,964,481	2,879,755	2,084,726	2,084,726	(2,084,726)	10,882	1,200	1,006	1,006	5,648	83.14%	9.17%	2.24%	1.30%	1.56%	1.04%	(159)
18,000 - 20,000	12,170	229,927,114	5,563,506	3,653,017	1,910,489	1,910,489	(1,910,489)	10,166	1,320	684	684	4,530	83.53%	10.85%	2.47%	1.59%	1.75%	1.32%	(157)
20,000 - 25,000	26,368	593,473,538	16,463,813	11,137,974	6,325,839	6,325,839	(6,325,839)	21,642	3,640	1,086	966	6,448	82.08%	13.80%	2.77%	1.88%	5.17%	4.01%	(202)
25,000 - 30,000	22,300	624,388,966	19,305,224	14,674,392	4,630,832	4,630,832	(4,630,832)	18,052	4,132	616	570	2,522	79.18%	18.12%	3.09%	2.34%	6.09%	5.27%	(205)
30,000 - 35,000	18,468	589,717,404	20,728,104	17,064,372	3,663,732	3,663,732	(3,663,732)	13,236	4,850	382	290	734	71.67%	26.26%	3.46%	2.85%	6.51%	6.15%	(198)
35,000 - 40,000	14,368	609,335,472	23,732,870	21,742,043	1,990,827	1,990,827	(1,990,827)	8,798	5,364	206	294	304	64.53%	32.66%	3.89%	3.57%	7.45%	7.84%	(190)
40,000 - 45,000	11,559	548,067,225	22,580,370	20,968,371	1,611,999	1,611,999	(1,611,999)	6,765	4,538	206	162	202	58.53%	39.69%	4.12%	3.83%	7.09%	7.56%	(159)
45,000 - 50,000	9,300	487,935,610	20,773,236	19,956,091	817,144	817,144	(817,144)	5,192	4,033	75	37	162	55.83%	43.37%	4.26%	4.09%	6.52%	7.19%	(88)
50,000 - 55,000	6,146	352,635,907	15,234,584	15,149,220	85,364	85,364	(85,364)	3,014	3,072	60	22	40	49.04%	49.98%	4.32%	4.30%	4.78%	5.46%	(12)
55,000 - 60,000	5,178	323,605,008	14,408,735	14,431,963	23,228	23,228	23,228	2,264	2,859	15	0	0	43.72%	55.99%	4.47%	4.47%	4.52%	5.20%	4
60,000 - 65,000	3,508	256,487,873	10,833,939	10,906,113	72,174	72,174	72,174	1,843	1,796	69	44	40	46.84%	61.20%	4.58%	4.61%	3.40%	3.93%	20
65,000 - 70,000	2,516	182,095,246	8,654,731	8,656,989	2,258	2,258	2,258	1,175	1,331	10	4	0	46.70%	82.59%	4.74%	4.73%	2.71%	3.10%	(11)
70,000 - 75,000	1,862	143,952,442	6,822,819	6,814,963	7,856	7,856	(7,856)	662	990	10	0	0	46.39%	53.17%	4.74%	4.90%	2.14%	2.49%	49
75,000 - 80,000	2,496	210,822,610	10,349,240	10,338,817	10,423	10,423	(10,423)	1,247	1,240	9	5	0	49.96%	49.60%	4.91%	4.90%	3.25%	3.73%	(4)
80,000 - 85,000	1,579	149,339,708	7,615,225	7,596,518	18,707	18,707	(18,707)	827	737	15	5	0	52.37%	46.88%	5.10%	5.03%	2.29%	2.71%	(69)
85,000 - 90,000	1,045	109,524,438	5,654,442	5,654,442	0	0	0	612	450	3	0	0	58.56%	41.15%	5.32%	5.17%	1.83%	2.04%	(150)
90,000 - 100,000	765	87,782,390	4,713,574	4,594,894	118,680	118,680	(118,680)	437	321	7	2	0	57.12%	41.96%	5.47%	5.23%	1.48%	1.66%	(155)
100,000 - 110,000	613	76,534,589	4,179,710	4,028,436	151,274	151,274	(151,274)	374	238	1	0	0	61.01%	38.53%	5.70%	5.26%	1.31%	1.45%	(247)
110,000 - 120,000	448	60,543,348	3,453,046	3,453,046	0	0	0	305	144	0	0	0	67.93%	32.07%	5.85%	5.41%	1.08%	1.18%	(338)
120,000 - 130,000	368	52,941,376	3,103,074	2,906,176	196,898	196,898	(196,898)	251	114	1	2	0	68.58%	31.15%	5.85%	5.49%	0.97%	1.05%	(339)
130,000 - 140,000	2,528	785,847,268	51,247,001	45,181,004	6,065,997	6,065,997	(6,065,997)	1,900	602	24	33	22	75.22%	23.83%	5.52%	5.88%	16.09%	16.65%	(2,009)
TOTALS	313,224	8,319,533,014	318,451,184	277,423,330	41,027,854	41,027,854	(41,027,854)	215,952	49,711	47,561	40,646	136,268	66.94%	15.87%	3.83%	3.33%	100.00%	100.00%	(131)

Decile Group	Number of Households	Total Income	Current Law		Proposed Law		Difference	Current to Proposed Law		No Tax Liability		Percentage of Gainers/Losers		Effective Tax Rates		Percent of Total Liability		Dollar Change in Avg Liability	
			Income	Households	Current Law	Proposed Law		Current Law	Proposed Law	Gainers	Losers	No Change	Current Law	Proposed Law	Gainers	Losers	Current Law		Proposed Law
1	31,590	52,974,162	188,660	0	188,660	0	(188,660)	9,396	0	22,194	17,234	31,590	29.74%	0.00%	0.36%	0.00%	0.06%	0.00%	(6)
2	30,942	142,008,376	1,256,738	0	1,256,738	0	(1,256,738)	22,680	0	8,262	7,452	30,942	73.30%	0.00%	0.85%	0.00%	0.39%	0.00%	(41)
3	31,428	253,979,368	3,157,367	265,058	2,892,309	265,058	(2,892,309)	23,976	0	7,452	6,966	26,852	76.25%	0.00%	1.70%	0.11%	0.99%	0.10%	(61)
4	31,306	369,274,730	2,703,787	2,703,787	0	0	0	27,392	722	1,272	3,070	18,202	84.50%	7.28%	1.21%	0.73%	1.94%	0.97%	(114)
5	31,306	506,573,432	6,203,378	4,702,209	1,501,169	1,501,169	(1,501,169)	26,454	2,290	2,574	2,494	14,658	84.50%	7.28%	2.16%	1.23%	3.42%	2.24%	(150)
6	31,376	668,710,916	17,797,208	11,874,369	5,922,839	5,922,839	(5,922,839)	25,768	4,040	1,570	1,570	9,056	82.12%	12.88%	2.65%	1.78%	5.59%	4.28%	(188)
7	31,444	866,668,314	20,797,046	16,416,517	4,380,529	4,380,529	(4,380,529)	24,666	6,026	762	732	3,356	78.41%	18.16%	3.14%	2.40%	8.55%	7.50%	(204)
8	31,256	1,115,833,074	35,002,278	28,881,394	6,120,884	6,120,884	(6,120,884)	20,954	9,558	764	412	874	66.98%	30.54%	3.66%	3.14%	12.84%	12.62%	(188)
9	31,146	2,885,652,130	145,366,216	145,366,216	0	0	0	15,959	14,532	254	123	102	51.24%	5.04%	4.07%	5.04%	18.65%	19.88%	(135)
10A	10,003	610,569,511	26,370,165	26,370,165	0	0	0	5,052	5,481	90	40	40	47.65%	4.30%	5.25%	4.32%	47.53%	52.41%	(192)
10B	10,216	705,702,414	32,494,199	32,494,199	0	0	0	4,774	5,396	96	48	48	46.24%	52.82%	4.62%	4.65%	8.33%	8.33%	(14)
10C	10,327	1,571,790,205	82,349,528	85,939,519	(3,589,991)	(3,589,991)	6,183	4,076	56	22	22	59.87%	39.47%	5.88%	5.49%	10.20%	11.77%	16	
TOTAL	313,224	8,319,533,014	318,451,184	277,423,330	41,027,854	41,027,854	(41,027,854)	215,952	49,711	47,561	40,646	136,268	66.94%	15.87%	3.83%	3.33%	100.00%	100.00%	(131)

SB 235, As Amended - Property Tax

Major Property Tax Elements

- A) Eliminate Local School Mills for Retirement, Transportation, and Reduce Debt Service Mills. (34 Mill Reduction)
- B) Provide Homestead Relief:
- a) \$15,000 For Residential Real Property
- b) \$10,000 For Commercial Real Property
- C) Reduce Business Equipment Tax Rate from 9% to 4.5%

Savings to Property Taxpayers:

Residential	\$53,968,431
Business	\$74,411,467

Savings to Current Property Classes

Property Class	(A) Reduction in Mills	(B) Homestead Relief	(C) Reduced Tax Rates	TOTAL
1 Net Proceeds	(186,402)	0	0	(186,402)
2 Gross Proceeds	(348,690)	0	0	(348,690)
3 Ag Land	(4,568,777)	0	0	(4,568,777)
4 Residential Real	(18,399,989)	(33,456,563)	0	(51,856,552)
4 Commercial Real	(7,571,464)	(5,405,860)	0	(12,977,324)
5 Co-ops, Poll. Control	(593,631)	0	0	(593,631)
6 Livestock	(951,479)	0	0	(951,479)
7 Independent Teleph.	(30,066)	0	0	(30,066)
8 Business Equipment	(8,012,172)	0	(32,592,605)	(40,604,777)
9 Utilities	(10,352,411)	0	0	(10,352,411)
10 Timber Land	(232,732)	0	0	(232,732)
11 Farmsteads	(2,111,879)	0	0	(2,111,879)
12 Railroads & Airlines	(1,832,500)	0	(1,732,676)	(3,565,176)
Statewide Total	(55,192,194)	(38,862,423)	(34,325,281)	(128,379,898)

SB 235 - Reducing Business Equipment Tax Rate From 9% to 4.5%

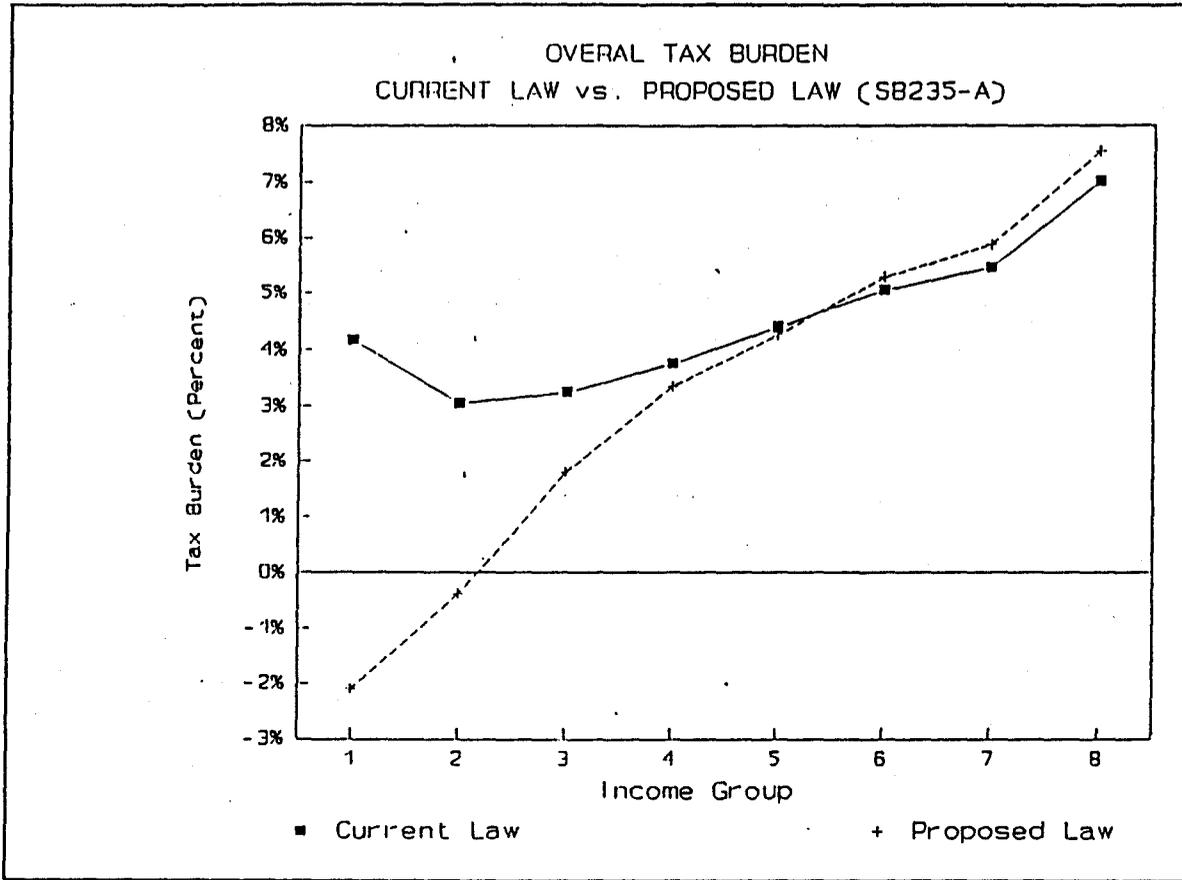
County	Impact of Class 8 Property					County Impact
	Current Property Tax Revenue	Proposed Property Tax Revenue	Property Tax Revenue			
			Reduction	Reimbursement		
Beaverhead	(801,723)	400,861	(400,861)	400,861	0	
Blg Horn	(1,827,593)	913,797	(913,797)	913,797	0	
Blaine	(504,280)	252,140	(252,140)	252,140	0	
Broadwater	(358,584)	179,292	(179,292)	179,292	0	
Carbon	(494,734)	247,367	(247,367)	247,367	0	
Carler	(231,335)	115,667	(115,667)	115,667	0	
Cascade	(3,045,507)	1,522,754	(1,522,754)	1,522,754	0	
Chouteau	(1,243,167)	621,583	(621,583)	621,583	0	
Custer	(609,799)	304,900	(304,900)	304,900	0	
Daniels	(378,756)	189,378	(189,378)	189,378	0	
Dawson	(776,454)	388,227	(388,227)	388,227	0	
Deer Lodge	(197,350)	98,675	(98,675)	98,675	0	
Fallon	(546,899)	273,450	(273,450)	273,450	0	
Fergus	(1,243,344)	621,672	(621,672)	621,672	0	
Flathead	(3,612,647)	1,806,324	(1,806,324)	1,806,324	0	
Gallatin	(2,888,693)	1,444,346	(1,444,346)	1,444,346	0	
Garfield	(229,289)	114,645	(114,645)	114,645	0	
Glacier	(672,263)	336,132	(336,132)	336,132	0	
Golden Valley	(97,835)	48,917	(48,917)	48,917	0	
Granite	(214,095)	107,047	(107,047)	107,047	0	
Hill	(1,094,186)	547,093	(547,093)	547,093	0	
Jefferson	(1,557,905)	778,953	(778,953)	778,953	0	
Judith Basin	(279,761)	139,881	(139,881)	139,881	0	
Lake	(729,625)	364,812	(364,812)	364,812	0	
Lewis And Clark	(2,267,650)	1,133,825	(1,133,825)	1,133,825	0	
Liberty	(445,221)	222,611	(222,611)	222,611	0	
Lincoln	(1,485,668)	742,834	(742,834)	742,834	0	
Madison	(870,222)	435,111	(435,111)	435,111	0	
McCone	(453,880)	226,940	(226,940)	226,940	0	
Meagher	(170,370)	85,185	(85,185)	85,185	0	
Mineral	(307,808)	153,904	(153,904)	153,904	0	
Missoula	(8,041,012)	4,020,506	(4,020,506)	4,020,506	0	
Musselshell	(307,073)	153,536	(153,536)	153,536	0	
Park	(767,173)	383,586	(383,586)	383,586	0	
Petroleum	(91,700)	45,850	(45,850)	45,850	0	
Phillips	(965,013)	482,507	(482,507)	482,507	0	
Pondera	(785,314)	392,657	(392,657)	392,657	0	
Powder River	(613,273)	306,636	(306,636)	306,636	0	
Powell	(380,356)	190,178	(190,178)	190,178	0	
Prairie	(185,259)	92,629	(92,629)	92,629	0	
Ravalli	(795,712)	397,856	(397,856)	397,856	0	
Richland	(1,735,602)	867,801	(867,801)	867,801	0	
Roosevelt	(704,123)	352,061	(352,061)	352,061	0	
Rosebud	(1,096,369)	548,185	(548,185)	548,185	0	
Sanders	(316,878)	158,439	(158,439)	158,439	0	
Sheridan	(862,162)	431,081	(431,081)	431,081	0	
Silver Bow	(3,728,061)	1,864,030	(1,864,030)	1,864,030	0	
Stillwater	(1,003,684)	501,842	(501,842)	501,842	0	
Sweet Grass	(240,803)	120,402	(120,402)	120,402	0	
Teton	(820,184)	410,092	(410,092)	410,092	0	
Toole	(953,358)	476,679	(476,679)	476,679	0	
Treasure	(129,055)	64,527	(64,527)	64,527	0	
Valley	(769,364)	384,682	(384,682)	384,682	0	
Wheatland	(170,939)	85,470	(85,470)	85,470	0	
Wibaux	(269,472)	134,736	(134,736)	134,736	0	
Yellowstone	(9,720,577)	4,860,289	(4,860,289)	4,860,289	0	
Statewide	(65,089,158)	32,544,579	(32,544,579)	32,544,579	0	

Compiled by the Office of Research and Information, Montana Department of Revenue.

Based on Tax Year 1992 Taxable Values and Tax Year 1992 Mill Levies.

12-Mar-93

SB235 - OVERALL TAX BURDEN



Income Group	Income Range	Tax Rates	
		CL	PL
1	\$ 0 - \$5,000	4.18%	-2.10%
2	\$ 5,000 - \$10,000	3.05%	-0.39%
3	\$10,000 - \$15,000	3.24%	1.78%
4	\$15,000 - \$20,000	3.75%	3.34%
5	\$20,000 - \$30,000	4.40%	4.25%
6	\$30,000 - \$40,000	5.04%	5.28%
7	\$40,000 - \$50,000	5.45%	5.86%
8	\$50,000 plus	7.01%	7.54%

IMPACT OF TAX REFORM PROPOSAL LC373 ON AVERAGE TAX BURDEN
STATEWIDE AVERAGE, ALL HOUSEHOLDS

	All Consumers	Less Than \$5,000	\$5,000 to \$9,999	\$10,000 to \$14,999	\$15,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 and Over
Average Income Before Taxes	31,308	2,420	7,502	12,331	17,357	24,555	34,474	44,550	79,151
Total Expenditures	28,323	11,552	12,416	16,630	19,859	25,025	32,367	37,251	55,299
Average Number in Household	2.5	1.7	1.9	2.1	2.4	2.6	2.8	3.1	3.1
Total Number of Households	306,919	22,480	38,514	37,551	34,306	60,206	45,073	28,560	40,226
- Number of Homeowner Households	231,399	10,566	21,568	23,282	25,043	49,369	39,664	25,704	36,203
- Number of Renter Households	75,517	11,914	16,946	14,269	9,263	10,837	5,409	2,856	4,023
- Proportion of Homeowner Households	0.75	0.47	0.56	0.62	0.73	0.82	0.88	0.90	0.90
- Proportion of Renter Households	0.25	0.53	0.44	0.38	0.27	0.18	0.12	0.10	0.10
A. SALES TAX	0	0	0	0	0	0	0	0	0
- Average Sales Tax, CL	0	0	0	0	0	0	0	0	0
- Average Sales Tax, PL	450	173	176	244	292	388	513	579	902
- Sales Tax Credit, PL	(47)	(153)	(171)	(113)	0	0	0	0	0
- Net Sales Tax, PL	403	20	5	131	292	388	513	579	902
- Change in Tax	403	20	5	131	292	388	513	579	902
B. INCOME TAX	1,148	11	90	222	393	727	1,262	1,786	4,351
- Average Tax, CL	1,001	0	7	103	237	524	1,067	1,647	4,184
- Change in Tax	(146)	(11)	(83)	(119)	(156)	(203)	(195)	(139)	(167)
- % Change in Tax	-13%	-100%	-92%	-54%	-40%	-28%	-15%	-8%	-4%

	Less Than All Consumers	\$5,000 to \$9,999	\$10,000 to \$14,999	\$15,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 and Over
C. PROPERTY TAX								
- Average Property Tax, CL	422	139	178	257	352	474	640	1,197
- Average Property Tax, PL	240	9	43	92	160	257	402	900
- Change in Tax	(182)	(81)	(135)	(165)	(193)	(217)	(238)	(298)
- Average Renter's Credit, CL	0	0	0	0	0	0	0	0
- Average Renter's Credit, PL	(37)	(80)	(57)	(41)	(27)	(18)	(15)	(15)
- Change in Tax	(37)	(80)	(57)	(41)	(27)	(18)	(15)	(15)
- Net Change in Property Tax/Rent	(218)	(161)	(192)	(206)	(220)	(235)	(253)	(313)
D. TOTAL TAX								
- Average Tax, CL	1,569	229	400	650	1,079	1,736	2,426	5,548
- Average Tax, PL	1,608	(29)	220	580	1,045	1,819	2,613	5,971
- Change in Tax	38	(152)	(180)	(70)	(35)	83	187	422
- Average Tax Rate, CL	5.01%	4.18%	3.24%	3.75%	4.40%	5.04%	5.45%	7.01%
- Average Tax Rate, PL	5.14%	-2.10%	1.78%	3.34%	4.25%	5.28%	5.86%	7.54%
Market Value of Home	40,291	16,800	20,561	24,964	30,447	38,173	50,399	94,307

0

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

House Taxation

COMMITTEE

BILL NO. SB 235

DATE 3/25/93

SPONSOR(S)

PLEASE PRINT

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
MARILYN DIAU MILLER 331 W Lawrence Helena	Helena Presents		
Diana Dowling	AARP		
DAN WALKER	U S WEST	✓	
KEORRA KAUAIAUENI	Pacific Power & Light	✓	
Lorna Frank	MT Farm Bureau	✓	
CHARLES R BROOKS	MT ROTN, L ASSOC	✓	
WARD SHANAHAN	RHONE-POULENC	Amend	
JAN SHAW	Mass. Homes & Services for Helena Youth Resources		
Katharine Donnelly	self, Mont. Community Foundati	Amend	
Lawrence Galloper	City of Kalispell Ariz	✓	
Gauelle Gallan	MT Petroleum	Amend	
Mary B Carlson	MT Ambassadors	✓	
Steve Mandeville	MT Assoc Realtors		X
RON THOMPSON	MT ASSOC REALTORS		✓

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ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

COMMITTEE _____

BILL NO. 235

DATE _____ SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Tom Ryan	MONT BRICKERS RET TEACHERS-		✓
Ed Caplis	MSCA		✓
Elmer Faugh	MSCA		✓
Helein McGriff	MSCA		✓
Janice Kasty	MSCA		✓
Frank Austin	Pres NARFE Chap 107		✓
Eunice Eckhart	MSCA		✓
David Allen	INT Chamber of Commerce	✓	

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**HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER**

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
John Shontz	Mental Health Assoc	X	
Helen Taft	Mont Soc of CPAs	neutral	
Dennis Buser	MT Tappan Assoc	✓	
Larry Triest	Senator	✓	
Bob Anderson	Self		✓
Bob Gunn	MT Power	✓ w/amendts	
Ben Klavich	MT Motor Carriers Assn	X	
Riley Johnson	NFIB	X	
Phil Campbell	MEA	X	
Stuart Roggett	MT Manufacturers Housing Assn MT Landscapers	✓	
CHET KINSEY	MSCA		✓
Dorcas Small	MT Demo Party		✓
Don Judge	MT STATE AFL-CIO	SB 235	✓
Gay Zborak	State Bar		✓

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