

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN CHASE HIBBARD**, on March 13, 1995, at 8:00 a.m.

ROLL CALL

Members Present:

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

Members Excused: None.

Members Absent: None.

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

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

Committee Business Summary:

Hearing: HB 583
HB 588

Executive Action: HB 588 - Do Pass as Amended
HB 346 - Do Pass as Amended

{Tape: 1; Side: A.}

HEARING ON HB 583

Opening Statement by Sponsor:

REP. DAVID EWER, House District 53, Helena, stated that HB 583 was a straightforward bill which proposed raising the tax on video gambling from 15% to 30%. Proceeds from the increase would be used to reduce property taxes by setting up a special revenue account to be used to reduce the 40-mill statewide mill levy used to equalize school funding. He said gambling was big business in Montana and at one time was considered a vice. It is an activity that has serious consequences and is a growing concern about the public welfare of this activity. The impact would be a \$36 million annual increase in video tax receipts in FY 96 and \$39.5 million in FY 97. In 1997 the mills could be reduced from 40 to 27.5 and the following years would be reduced to 18.9 mills, a 53% reduction. There would be no impact on programs that receive gambling tax revenue presently and there would be no impact on schools. He said Montana has the lowest flat tax on gambling of any state in the nation. **REP. EWER** said he had asked the Department of Justice to validate the statistics he would be providing. **EXHIBIT 1.** He said the figures indicate that gambling is a highly profitable business in Montana. If the tax is doubled, Montana would still have the second lowest tax rate. **REP. EWER** said he was not opposed to gambling but it is a vice and the government has every right to tax it. The voters would like property tax relief and one of the difficulties the Legislature faces is finding a way that is fair. The bill would provide needed tax relief for every corner of Montana.

Proponents' Testimony:

Sharon Hubbell spoke in favor of the bill. She said it was fair because Montana's tax rate is the lowest in the nation and passing the bill would send a powerful message to the "little guy" who pays taxes every year that the Legislature is looking out for him.

Opponents' Testimony:

Mark Staples said he represents the 1,700 members of the **Montana Tavern Association**, as well as thousands of employees. **Mr. Staples** said gambling is called an "industry" in terms of convenience, and it may be a big business collectively, but there are no individual "big businesses." It is a collection of small tavern and bars and the maximum anyone can have is 20 machines. He said the industry takes in \$441 million; however, \$221 goes back to the players. **Mr. Staples** said that coal is the only product in Montana that is taxed more heavily than gambling and 15% of the gross gambling revenue contributes \$32 in taxes to the state. This provided from 15 to 20% of most municipalities' budgets. The machines are also taxed as personal property and

owners pay property taxes and employment taxes. The Association estimates that the industry pays approximately \$100 million in taxes each year. He said he would not deny that there are problems associated with gambling and a bill has been presented that would establish a trust fund for gambling treatment using gambling revenue when the treatment and who should provide it are identified. **Mr. Staples** emphasized that the difference between the tax on liquor and the tax on gambling is that the tax on liquor can be passed on to the customer but the tax on gambling cannot be passed on. He said the industry already pays its fair share and he urged the Committee to give the bill a do not pass recommendation.

Darrell Keck, President of the Montana Tavern Association and operator of the Dixie Inn, Shelby, spoke in opposition to the bill. He said he also held an appointed position on the Gaming Advisory Council. He said the entire theme of the current Legislature is "fairness" and no new taxes. The industry does pay its fair share through license fees, personal property tax, liquor tax and other taxes. He said there would be no way to pass the tax on to the customer. They are the only industry that pays a 15% gross sales tax. If the bill is passed, the tavern owners would have two choices -- cut employees and cut advertising and most have already cut advertising to a minimum. He said he hoped he would not be forced to cut his employees.

Don Laine, C.P.A., Anderson Zurmuehlen & Company, distributed copies of a Montana-style casino composite profit and loss statement. EXHIBIT 2. He said the statement was the result of a survey of Montana casinos done in 1992. The survey is based on the responses received from 14 casinos. He said the survey was not a statistical survey and could not be extended to the Montana casino population as a whole; however, it did appear that the casinos responding would represent a broad spectrum of casinos in the state.

{Tape: 1; Side: B.}

John Tooke, C.P.A. and tavern owner, Miles City, testified in opposition to the bill, comparing the gambling tax structure in Montana with that of neighboring states. He said the bill would not raise the revenue the proponents anticipated.

Dennis Casey, Executive Director, Gaming Industry of Montana, reminded the Committee that the gambling act was passed by the Legislature and signed into law in 1989, and it provided for a closely regulated business which limits the kinds of gaming that can occur and placed limits on the number of machines and the amount of wagers. It also established the 15% tax. Because of that law, hundreds of Montanans have invested millions of dollars in their operations and it would be most unfair to change that now after they have made investments based on that law.

Greg Tabish, French Connection Casino, Frenchtown, informed the Committee that he had paid \$29,000 in machine taxes, \$4,350 for machine licenses, and \$4,332 in property taxes in the past year, for a total of \$37,682, representing 38% of his total operation expense. If HB 583 is passed, the ability to run a profitable business would diminish and force many operators to leave the industry. He asked the Committee to be fair and impartial in their consideration of the bill.

RoseLee Bullock, Silver Saddle Tavern, Basin, spoke in opposition to the bill. She said they could not afford to stay in business if HB 583 is passed.

John Blair, Reno Club, Billings, and Chairman, Gaming Advisory Council, said the Reno Club had been open seven days a week for 54 years. If the bill were to become law, it would force him to lay off half of his eight employees, and he would have to discontinue the health care benefits they have furnished their employees. He would also have to discontinue contributions to community-related projects. He asked the Committee to vote no on the bill.

Colleen McKay, Manager, Best Bet Casino, testified in opposition to the bill and said that passage of the bill would result in a 15% reduction of her workforce.

Ralph Ferraro, Rocking R Bar, Bozeman, asked the Committee to vote no on HB 583. He said he has a small operation and employs seven people. He can't afford to pay more tax on his machines.

Rich Miller, Millers Crossing, Helena, said his employees would have to shift from being employed to being unemployed. He said the voters had demanded no new taxes. He asked the Committee to vote no.

Curt Rieman, Curt's Bar and Little Big Man Pizza, Laurel, said he could not afford to pay the additional 15% because he acquired his machines through a vendor because he could not afford the \$100,000 cost of buying his own machines. He said his profit margin from the machines is between 4% and 8% of the gross revenue and he didn't think anyone could stand a 100% increase in their tax rate.

Sarah Herold, Capital City Bowl, Helena, said the bowling business is declining and they need the lounge and the machines to "keep their heads above water." They do not have the income that people think they have. The machines are the difference between staying open and closing.

John Hayes, Secretary, Cascade County Tax Association, spoke in opposition to the bill on behalf of the 107 establishments in Great Falls that have gaming machines. These establishments employ 1,223 people with a payroll of \$14 million. The same 107 establishments paid \$2,228,000 directly to the City of Great

Falls and an additional \$1,117,000 to the State of Montana. He said the gaming revenue has replaced declining liquor sales. The bill to double the tax would mean nothing but the loss of hundreds of jobs and the closing of many small businesses.

Phil Kiser, River City Smoke Free Tavern, Great Falls, said he is the owner of Montana's only smoke-free tavern. He said the idea for his business was a good one but would have failed without the gambling income.

Dick Berg, Fleetwood Amusement, Billings, said any tax increase would mean cutbacks to his business. They want to keep their 28 employees.

Larry Akey, Montana Coin Machine Operators, said the members of this organization are a group of small businesses that supply coin operating equipment, including video gaming machines, to Montana bars and taverns. He said that Rep. Ewer had said that Montana's tax rate is the lowest in the nation and compared it with neighboring states. He said each of the other states offer video gaming as a lottery product and Montana offers it as a commercial product and there is a big difference. For an appropriate comparison, Nevada's tax rate is 2.5% to 8%, New Jersey is the same, Deadwood, South Dakota, is 8% and the casinos in Colorado pay 8% and the riverboats in the southwest pay between 15% and 24.5%. This would indicate that Montana is about in the middle where it should be. **Mr. Akey** said it would be impossible to double the tax rate and not have an impact on the revenue currently going into state and local governments. Gambling is changing the face of Montana for the better. The bill would provide a tax shift from the property taxpayer to the backs of 1,700 small businesses. He said Rep. Ewer does not have much use for gambling in the State of Montana which is his prerogative, but HB 583 is nothing more than an attempt to make gambling illegal by taxing it out of existence.

Questions From Committee Members and Responses:

REP. RANEY said he did not believe Mr. Akey's business was a "small business." He asked what percentage of the revenue, after the 15% tax was deducted, went to the tavern owners and how much would go to the coin machine vendor. **Mr. Staples** said the owners have a contract relationship with the vendor and they are on a one-to-one basis so he had never seen a contract but he would assume they were probably in the 60/40 range with the tavern receiving 60% and the vendor receiving 40%. **REP. RANEY** said one of the opponents had mentioned that he couldn't afford to own his own machines. He suggested that the State of Montana could replace the vendors and receive 60% of the gross. He commented that the vendor brings in a machine that might cost between \$8 and \$12 thousand, provides a minimum amount of maintenance and receives 40% of the gross revenue from that point forward. He asked for Mr. Staples' comments.

{Tape: 2; Side: A.}

Mr. Staples said that when he first heard what the split was, he had the same thoughts and he thought the tavern owners would complain. However, he said he had never heard a complaint from a tavern owner in a vending relationship. If you ask them if the vendors provide a service that warrants a 40% share of the profits, they will say that they do. He said the relationship between the operators and the vendors is good and they all agree that the split is fair.

REP. ELLIOTT asked why it would not be fair to change the law at this point. **Mr. Casey** explained that limitations were placed on gambling in 1989 and the law also provided for a 15% tax on the machines. If the Legislature would allow operators to offer different kinds of games and larger payoffs, the industry would sit down and discuss the tax rate and whether it could be changed. Investments that have been made were based on the limitations in the law and the tax rate. **REP. ELLIOTT** asked if that meant that if the Legislature would expand gambling, the tax could be raised. **Mr. Casey** the industry as a whole would be receptive to some increase in the tax rate.

REP. ELLIOTT said that in the 1993 session, when the state was \$200 million "in the hole," a plan was brought forward to increase taxes on video machines. Because the Legislature did not want to tax the "little guy" out of business, the legislation provided for a progressive tax so that the more machines an operator had, the higher tax he would pay. He asked the sponsor if he would be amenable to a similar change. **REP. EWER** said it would complicate the bill significantly but he would be amenable to amendments which would preserve the intention of the bill which is based on his philosophy that the industry should pay more tax. He said he had been listening to the testimony of the small operators and was prepared to offer an amendment to that effect.

REP. SWANSON asked for a further breakdown of expenses that were obtained from the survey conducted by the gaming industry. She said she was particularly interested in knowing to what extent the operators were dependent on income from the machines for survival. **Mr. Akey** said he would obtain that information for the Committee.

REP. SWANSON said it was her opinion that employees of taverns or restaurants having gaming machines were involved with serving food and drinks and there was little labor required with relation to the machines. She asked if that was correct. **Mr. Akey** said it would depend on the nature of the business. He said most of the activity with the machines would be after hours and would involve bookkeeping, maintaining the machines, etc. **Mr. Akey** issued an invitation to Committee members who might be interested in how the process works to ride along with one of his route

operators. The machines are more labor intensive than would be expected.

REP. WENNEMAR asked what the average wage was for a casino worker. Mr. Staples replied that it would be between \$6 and \$10 an hour.

REP. WENNEMAR asked what the payout percentage was for keno machines. REP. EWER said the law says 80% but the Department of Justice indicates it was closer to 55% and he could not explain the difference.

{Tape: 2; Side: B.}

Mr. Staples said that different machines pay out a different percentage. Some machines pay back as much as 95%. He explained that people usually play back any credits they earn and that is what brings the percentage down to 55%.

REP. WENNEMAR asked the Department of Justice to respond to the same question. Janet Jessup, Administrator, Gambling Control Division, Department of Justice, said that, by law, the expected payout has to be at least 80%; however, as people continue to play, the amount of payout is reduced to 55% of the total wager, leaving about 45% for the machine operator.

REP. RANEY asked how many machine vendors there were in Montana. Mr. Akey said he thought there were about 100 licensed route operators. REP. RANEY said he had the understanding that there were between 5 and 9 businesses who basically controlled the gambling industry in all establishments in Montana who did not own their own machines. Mr. Akey said that was inaccurate. It is a very competitive business and it would be difficult to obtain a monopoly.

REP. RANEY asked the Department of Justice if the vending industry was becoming more consolidated. Ms. Jessup said they have not looked at this issue to establish trends. They have looked at machine ownership. They found that the six largest operators in the state own 4,500 machines which is one-third of the total machines. REP. RANEY said his concern was that the vending machine industry was becoming a tightly held group of people who were taking 40% of the revenue. Ms. Jessup said she would obtain more information.

REP. NELSON said that gaming revenues have been increasing yearly from 1988 through 1994. He asked if it was correct to assume that the revenue would continue to increase. REP. EWER said it was a correct assumption. REP. NELSON asked if there would be negative impacts from raising the tax. REP. EWER said the habits of the gambling consumer would not change because the tax goes up. The industry may change and the question would be whether the change would put small operators out of business, resulting in a reduction in personal and corporate income tax. He said he

did not believe that would happen because the industry can well afford a higher tax.

REP. FUCHS asked the sponsor if he would consider this bill a new strategy for taxation. REP. EWER pointed out that this idea was raised by Rep. Mercer in the previous session. He said setting tax policy for the state is a fundamental task of the Legislature. He said it is difficult to find measures that will provide tax relief.

REP. STORY questioned the validity of the statistics provided by Mr. Laine. REP. EWER said it might be possible to have the state conduct further research. He said it would appear to him that the business is profitable. If it were not profitable, the cost of a liquor license in Great Falls would not have risen from \$40,000 to \$150,000 since video gambling came on line.

REP. ARNOTT asked the sponsor if he had an estimate of the cost to the state for treatment of addiction and how it would impact on this bill. REP. EWER said he did not have estimates on what it would cost, either emotionally or economically.

{Tape: 3; Side: A.}

Closing by Sponsor:

REP. EWER encouraged the Committee to take a good look at this bill because the issue will not go away. Considering the cost of a license, the industry seems to be quite profitable and can well afford to pay more.

HEARING ON HB 588

{Comments: Opening statement was not recorded and was transcribed from the secretary's notes.}

Opening Statement by Sponsor:

REP. KARL OHS advised that HB 588 would clarify the property tax refund provisions related to errors in description or location of real property or improvements. He said the bill was the result of a conversation he had with a Montana taxpayer who had discovered that his house had been incorrectly measured. Although the error had occurred several years previously, he found he could obtain a refund for one year only. The bill would allow refunds for up to four years. The bill also provides that the taxpayer must allow the Department of Revenue access to the property for the purposes of reappraisal in order to obtain a refund.

Proponents' Testimony:

Dennis Burr, Montana Taxpayers Association (MACO), testified that the refund laws were changed in 1993 and HB 588 would correct an error that occurred at that time. Prior to 1993 the decision to offer a refund because of an error was up to the county commissioners and there were instances where refunds were not issued.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. ELLIOTT said the income tax laws provide a five-year limitation. REP. OHS said he had not considered the income tax statute and thought that four years would be fair. He would have no objection to changing the limitation to five years.

Closing by Sponsor:

REP. OHS said the bill is fair and would be good for the constituents.

EXECUTIVE ACTION ON HB 588

Motion:

REP. ROSE MOVED THAT HB 588 DO PASS.

Discussion:

REP. ELLIOTT said it would make sense to change the time limitation to five years. The sponsor and the DOR do not have any objections to the change. The change would bring this bill into conformity with the income tax limitation. EXHIBIT 3.

Motion/Vote:

REP. ELLIOTT MOVED TO AMEND THE TIME LIMITATION TO FIVE YEARS. The motion passed unanimously.

Motion/Vote:

REP. HANSON MOVED THAT HB 588 AS AMENDED DO PASS. On a voice vote, the motion passed unanimously.

EXECUTIVE ACTION ON HB 346Motion:

REP. SOMERVILLE MOVED HB 346 DO PASS.

Discussion:

REP. SOMERVILLE said this was the only property tax reduction bill proposed in this session. He said there had been discussion on reductions for low-income and elderly but there had been nothing that would provide relief to anyone who owns a home in Montana. He said he did see some problems but it is a good bill. REP. SOMERVILLE said he was proposing an amendment to make the bill effective on January 1, 1996, which would mean there would be an immediate cost that would have to be dealt with in HB 2. EXHIBIT 4.

REP. REAM asked what the fiscal impact would be on this biennium. REP. SOMERVILLE said it would be \$29 million a year except for the first year which would be approximately \$10 - \$12 million. REP. REAM said he would oppose the amendment. He said he was less concerned about the fiscal impact of this biennium than he is about the future costs. He said he did not like putting future Legislatures in debt. This bill is not fiscal responsibility and it is not what the people want. He said it would be more fiscally responsible to put it into place in the current tax year so both years would be impacted. Future Legislatures would then know what the cost would be.

REP. ELLIOTT said he would endorse the amendment with a change. The reason he did not want to enact this legislation to become effective in this session was that he did not believe it would be prioritized high enough to be funded. He said that reducing the tax on businesses would be considered above giving taxpayers a break on their property tax. He said he had been assured by Speaker Mercer that HB 346 would be the House vehicle for property tax relief this session, although he would have no idea what the Senate might do. For that reason, he would like to see the referendum language remain in the bill because it would create a mandate to the 1997 legislative session to fund property tax relief. He also said he would agree to an extent with Rep. Ream that this puts the onus on the next Legislature to come up with more money. Therefore, while he agreed with Rep. Somerville's amendment, it would not allow homeowners in the state to get tax relief in 1995 or in 1996. They would get relief in 1997 when they file their individual income tax statements. He said he would prefer to move the effective date up to January 1, 1995.

Substitute Motion:

REP. ELLIOTT MOVED TO CHANGE PAGE 3, LINE 23, BY STRIKING 1996 AND INSERTING 1994.

Discussion:

REP. FUCHS asked what that would do to the fiscal note. REP. ELLIOTT said the cost would be \$29 million in 1997 and a somewhat lesser amount in 1996. Judy Paynter, DOR, said it would depend on changes in millage but, basically, it would be \$29 million a year. Under Rep. Somerville's amendment the cost would be \$29 million and the cost under Rep. Elliott's amendment would be \$58 million.

{Tape: 3; Side: B.}

REP. RANEY said Rep. Somerville's amendment would automatically tell the next Legislature they must cut government spending by \$29 million.

REP. STORY asked for a clarification of when the bill would take effect. REP. ELLIOTT said property tax and income tax are paid on a calendar year basis. When an individual files an income tax statement on April 15, 1995, there would be a rebate for property taxes paid in 1994. This would mean that the law would become effective January 1, 1995, so the property taxes paid in 1995 would be partially refundable on the income tax statement in 1996. The 1996 fiscal year starts on July 1, 1995, and would end June 30, 1996 so there would be a \$29 million impact in that fiscal year and also in the 1997 fiscal year. He said residential property tax relief should be a higher priority than business property tax relief. He said he would like to see HB 346 and its expenditures prioritized.

REP. SOMERVILLE said the Committee would have three choices: (1) pass the bill as written, send it out to the people to vote on and there would be no fiscal cost for the 1996 biennium; (2) pass the Somerville amendment with a cost of \$29 million; and (3) pass the Elliott amendment with a cost of \$58 million. All three options would have an eventual cost of \$58 million per biennium.

REP. SWANSON spoke in support of the Elliott amendment. If the Legislature is going to give this large a tax cut, the cuts should be made in this biennium. The people of Montana need to know what will be cut in the way of services in order provide the refund.

REP. BOHLINGER said the greatest concern in his district is property tax. He said he would support the Somerville amendment and said the Committee should consider growth in the economy which would provide additional revenues for government and make up for some of the loss of revenue.

REP. HARPER spoke in favor of either amendment and the bill. He said it was important to get something to the people in this biennium or public perception would remain to be one of the biggest problems facing Montana. The taxpayers want to see some immediate response. He said the people in his district felt that

property tax relief was the most critical issue. He said the Legislature must give the people either a vote or a refund.

REP. ARNOTT agreed that it was important to let the citizens see results of what the Legislature had done. She was concerned, however, that the projections in HJR 9 might have been overestimated and it might be wise to go with the Somerville amendment.

REP. STORY said he thought the process should be moved ahead. The public will not be satisfied with being given an opportunity to vote on the matter.

CHAIRMAN HIBBARD said he would support the amendment because it was important to let the people know what the impact would be. He said he would assume the bill would be included in the contingent voidness package and funding would be dependent upon how much money was available in the budget.

REP. SOMERVILLE said he would agree with, and support, Rep. Elliott's amendment.

Vote:

On a voice vote, the substitute motion passed, 16 - 4.

Discussion:

REP. ELLIOTT advised that the DOR had proposed amendments to the bill. Ms. Paynter said the amendments, as outlined in EXHIBIT 5, would "clean up" the bill and give the Department the ability to technically administer it. Ms. Paynter responded to questions relative to the technical amendments. Minor grammatical changes were suggested.

REP. ARNOTT asked why the 7-month period of residency had been chosen. REP. ELLIOTT said it was to provide the same tax relief provision to "snow birds" who might want to go south in the winter. CHAIRMAN HIBBARD suggested that further discussion on the issue be postponed until after the technical amendments had been acted upon.

Motion/Vote:

REP. ELLIOTT MOVED THE AMENDMENTS BE ADOPTED. On a voice vote, the motion passed unanimously.

Discussion:

REP. ELLIOTT said he would like to propose a conceptual amendment which would address Rep. Story's concerns about letting people know they might be eligible for a tax refund. He said Rep. Mercer does not like the income tax rebate and would like to change it to a voucher system. Rep. Elliott said he had no

objection to that suggestion. He said Rep. Mercer had told him that if the Committee passed the bill out, an amendment could be put on the bill on the House floor. Pending that action, **REP. ELLIOTT** said he would like to propose a conceptual amendment.

{Tape: 4; Side: A.}

Motion:

REP. ELLIOTT MOVED A CONCEPTUAL AMENDMENT THAT (1) WOULD LET PEOPLE KNOW THEY MIGHT BE ELIGIBLE FOR PROPERTY TAX RELIEF AND (2) LET THEM KNOW THERE IS PROPERTY TAX RELIEF.

Discussion:

REP. ELLIOTT said he would like to see the county treasurer mail out information, approved by the Department of Revenue, containing statutory language declaring that the homeowner may be entitled to a property tax refund. A problem that would have to be resolved would be situations in which the tax statement goes to the mortgage holder.

REP. SOMERVILLE said his understanding was that the original tax statement goes to the homeowner and the bank gets a copy.

CHAIRMAN HIBBARD asked if the DOR could see any problems with adding the suggested language to the bill. **Ms. Paynter** said the best time to send out the notice would be at the time the tax bills are mailed. This would place the responsibility on local governments and there would be a question about who would pay the administrative costs. **Ms. Paynter** said the DOR would have to reprogram the computer to include an additional field to provide all the information the taxpayer would need, and the county would have to reprogram their computers to get the information on the tax bill. She said the counties do not use a standard form for printing tax bills.

REP. ELLIOTT said he had not discussed the amendment with MACO or representatives of the county treasurers' offices but he would be willing to make any accommodation to assist them in administration. He was, however, emphatic that the language should be in the bill. He said he would be willing to amend the bill further to help the counties.

REP. WENNEMAR asked what justification would be needed by the DOR to make a refund. **Ms. Paynter** said the bill requires that a copy of the November tax statement must be filed with each claim.

Vote:

On a voice vote, the conceptual amendment was adopted.

Motion:

REP. ELLIOTT MOVED THAT HB 346 AS AMENDED DO PASS.

Discussion:

REP. SWANSON said that her district would benefit from the bill. However, in terms of state policy for taxation, it is not fair. She distributed a copy of a chart entitled "Comparison of Taxes for Comparable Houses in Different Cities." EXHIBIT 6.

REP. SOMERVILLE said the bill is equitable because a person is free to choose where to live and how much to spend on a home.

REP. ELLIOTT pointed out that the land value does not figure into the bill because it would apply to the improvement only.

REP. ARNOTT said she represents many elderly people who do not pay income tax and, therefore, they would not be eligible to participate. She said this did not seem fair.

REP. ELLIOTT explained that those individuals would have to file an income tax form even though they would not owe any tax and would still qualify for the credit.

REP. ARNOTT said she was not satisfied with the seven-month residency requirement.

REP. ELLIOTT said the elderly homeowner residential tax credit requires nine months of residency. He said he would not object to an amendment.

Motion:

REP. FUCHS MOVED AN AMENDMENT TO BRING THE BILL INTO CONFORMITY WITH THE ELDERLY HOMEOWNER RESIDENTIAL TAX CREDIT WHICH REQUIRES NINE MONTHS RESIDENCY.

Discussion:

REP. SOMERVILLE said in his area the folks who are retired head south in November and come back around Easter. His opinion was that three months was too short to allow them to do that.

REP. HARPER said the amendment was too restrictive.

REP. ROSE said seven months was appropriate.

REP. STORY spoke against the amendment because it was unnecessary.

Vote:

On a roll call vote, the motion failed, 15 - 5.

Motion:

REP. ELLIOTT MOVED TO AMEND THE BILL TO ADD A CONTINGENCY CLAUSE WITH HB 497.

Discussion:

REP. ELLIOTT said the purpose of the amendment was to make sure that any tax credit claimed under the bill would have to be deducted from the amount of property taxes upon which a credit would be determined under HB 497.

Vote:

On a voice vote, the motion passed unanimously.

Motion/Vote:

REP. ELLIOTT MOVED THAT HB 346 AS AMENDED DO PASS. On a voice vote, the motion passed 16 - 4.

Motion:

REP. HANSON MOVED TO PLACE THE CONTINGENT VOIDNESS AMENDMENT ON THE BILL.

Discussion:

REP. ELLIOTT said his understanding was that this bill was important enough that it should not be subject to the contingent voidness provision. According to Speaker Mercer, the Committee was not obligated to put the clause on. If it is put on, it would indicate it was no more important than any other bill.

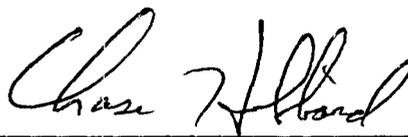
CHAIRMAN HIBBARD agreed with Rep. Elliott and said that it is a major bill and would be ranked at the top of the list.

REP. HANSON withdrew her motion.

CHAIRMAN HARPER commented that if the bill was sent out with the clause on it, the Committee would give the power to kill it to two individuals from each house appointed to the free conference committee. He agreed with the Chairman's decision.

ADJOURNMENT

Adjournment: 11:45 A.M.



CHASE HIBBARD, Chairman



DONNA GRACE, Secretary

CH/dg

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL

DATE March 13, 1995

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



HOUSE STANDING COMMITTEE REPORT

March 13, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that House Bill 588 (first reading copy -- white) do pass as amended.

Signed: _____


Chase Hibbard, Chair

And, that such amendments read:

1. Page 1, line 29.
Strike: "4"
Insert: "5"

-END-

Committee Vote:
Yes 20, No 0.

581457SC.Hbk



HOUSE STANDING COMMITTEE REPORT

March 13, 1995

Page 1 of 4

Mr. Speaker: We, the committee on Taxation report that House Bill 346 (first reading copy -- white) do pass as amended.

Signed: _____

Handwritten signature of Chase Hibbard in cursive.

Chase Hibbard, Chair

And, that such amendments read:

1. Title, lines 5 through 7.

Strike: "PROVIDING" on line 5 through "ELECTION;" on line 7

Insert: "REQUIRING NOTICE OF A PROPERTY TAX REFUND TO BE INCLUDED WITH RESIDENTIAL PROPERTY TAX NOTICES; AMENDING SECTION 15-30-171, MCA;"

Following: the first "AN" on line 7

Insert: "IMMEDIATE"

Strike: the second "AN"

Insert: "A RETROACTIVE"

2. Page 1, lines 21 through 23.

Strike: "on the" on line 21 through "months" on line 23

Insert: "by an individual"

3. Page 2, lines 2 through 5.

Strike: ":" on line 2 through "(2)" on line 5

Strike: the first "the" on line 5

Insert: "a"

4. Page 2, line 6.

Following: "period."

Insert: "The individual may own and occupy more than one residence during the year and qualify for the credit under [sections 1 through 8] if the total occupancy is for 7 months or more. The claim may be for either residence."

Committee Vote:

Yes 16, No 4.

581458SC.Hbk

5. Page 2, lines 13 and 14.

Strike: "The" on line 13 through "extension." on line 14

6. Page 2, line 18.

Following: "relief"

Insert: "-- notice"

7. Page 2, line 25.

Following: "chapter."

Insert: "The department shall issue a refund to the claimant."

8. Page 2, line 26.

Insert: "(3) With each property tax notice involving residential property, there must be a statement, approved by the department, that the homeowner may be entitled to a property tax refund. The statement must stand out prominently and may be printed on the property tax notice or may be a separate document included with the tax notice."

9. Page 3, line 11.

Following: "claim."

Insert: "Each county shall specify the value of the residential improvement, tax rate, and mill levy."

10. Page 3, line 13.

Strike: "a"

Insert: "the claimant does not timely pay the property taxes for which a claim is filed or if an otherwise"

11. Page 3, line 18.

Insert: "**Section 9.** Section 15-30-171, MCA, is amended to read:
"**15-30-171. Residential property tax credit for elderly -- definitions.** As used in 15-30-171 through 15-30-179, the following definitions apply:

(1) "Claim period" means the tax year for individuals required to file Montana individual income tax returns and the calendar year for individuals not required to file returns.

(2) "Claimant" means an individual natural person who is eligible to file a claim under 15-30-172.

(3) "Department" means the department of revenue.

(4) "Gross household income" means all income received by all individuals of a household while they are members of the household.

(5) "Gross rent" means the total rent in cash or its equivalent actually paid during the claim period by the renter or lessee for the right of occupancy of the homestead pursuant to an arm's-length transaction with the landlord.

(6) "Homestead" means:

(a) a single-family dwelling or unit of a multiple-unit dwelling that is subject to ad valorem taxes in Montana and as much of the surrounding land, but not in excess of 1 acre, as is reasonably necessary for its use as a dwelling; or

(b) a single-family dwelling or unit of a multiple-unit dwelling that is rented from a county or municipal housing authority as provided in Title 7, chapter 15.

(7) "Household" means an association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations, and expenses. The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

(8) "Household income" means \$0 or the amount obtained by subtracting the greater of \$4,000 or 50% of total retirement benefits from gross household income, whichever is greater.

(9) "Income" means federal adjusted gross income, without regard to loss, as that quantity is defined in the Internal Revenue Code of the United States, plus all nontaxable income, including but not limited to:

(a) the gross amount of any pension or annuity (including Railroad Retirement Act benefits and veterans' disability benefits);

(b) the amount of capital gains excluded from adjusted gross income;

(c) alimony;

(d) support money;

(e) nontaxable strike benefits;

(f) cash public assistance and relief;

(g) payments and interest on federal, state, county, and municipal bonds; and

(h) all payments received under federal social security except social security income paid directly to a nursing home.

(10) "Property tax paid" means general ad valorem taxes levied against the homestead, exclusive of special assessments, penalties, or interest and paid during the claim period. Any tax credit claimed under [sections 1 through 8] must be deducted from the amount of property taxes upon which a credit is determined under 15-30-171 through 15-30-179.

(11) "Rent-equivalent tax paid" means 15% of the gross rent."

Renumber: subsequent sections

12. Page 3, line 23.

Strike: "on approval by the electorate"

Insert: "on passage and approval"

13. Page 3, line 25.

Strike: "Applicability"

Insert: "Retroactive applicability"

Following: "applies"

Insert: "retroactively, within the meaning of 1-2-109,"

14. Page 3, line 26.

Strike: "1996"

Insert: "1994"

15. Page 3, line 28 through page 4, line 2.

Strike: section 12 in its entirety

-END-

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/13/95 BILL NO. 346 NUMBER

MOTION: Amend 1 Elliott -

effective date

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

Vote Passed 16-4

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/13/95 BILL NO. 346 NUMBER _____

MOTION: Amend 2 - DOR Technical

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

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/13 BILL NO. 346 NUMBER _____

MOTION: 9 no Amendment

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

5 15

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/13/95 BILL NO. 346 NUMBER _____

MOTION: Amendment 3 Elliott

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

*Passed
Unanimous
20-0*

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/13/95 BILL NO. 346 NUMBER _____

MOTION: Contingency Clause Amendment #5

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

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3 BILL NO. 346 NUMBER _____

MOTION: to pass as Amended

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

Passed

16-4

Ream Arnott Orr
Raney

Raney has my proxy in
House Tax on 3/13/95.

Vote No on all amendments on HB 346
except Technical amendments, if any.

Vote No on HB 346

Bob Ream

STATE OF MONTANA
DEPARTMENT OF JUSTICE
GAMBLING CONTROL DIVISION

EXHIBIT 1
DATE 3/13/95
HB 583

Joseph P. Mazurek
Attorney General



2687 Airport Road
PO Box 201424
Helena, MT 59620-1424

March 10, 1995

MEMORANDUM

To: Representative David Ewer

From: Richard Ask
Audit and Tax Manager

Subject: Video Gambling Machine Statistics.

Per your request, the attached fact sheet contains a summary of video gambling machine tax collected, reported gross income, number of machines reporting income in the fourth quarter, and an estimate of the gross amount wagered in fy 88, 89, 90, 91, 92, 93 and 94. The fact sheet also contains a list of video gambling machine tax rates in various states in fiscal year 1992-93. For complete information on the comparison of video gambling machine activity in various states, refer to page 19 of the Montana Video Gambling Machine Dial-up Issues, Study Group Report, dated, 1-19-95.

If you have any questions please call.

cc. Janet Jessup
Administrator

establishments must pay a quarterly fee of \$61 for the first five machines and \$106 for the next six to fifteen machines. The amount of taxes due for machines located in restricted establishments are not tied to the amount of play they receive during the course of the year. Consequently, Nevada does not track the total dollars wagered, gross income, or total tax revenue for its restricted establishments. As a result, the amount of information available from Nevada to compare to Montana is limited.

The following table compares the video gambling activities among the various states we contacted (with the exception of South Carolina).

Table 1

Comparison of Video Gambling Among Various States

Fiscal Year 1992-93

	<u>Montana</u>	<u>Louisiana</u>	<u>S. Dakota</u>	<u>Oregon</u>	<u>Nevada</u>
Type of Tax Reporting System	Manual	Dial-up	Dial-up	On-Line	Manual
Number of Video Gambling Machines	14,000	10,000	6,928	5,633	15,000*
Max. Number of Machines/Establishment	20	3	10	5	15
State Population	799,000	4 million	700,000	3 million	1 million
Gross Revenue Tax Rate	15%	22.5%	35%	65%	\$250/yr+ Qrtly Fees
Total Dollars Wagered (in millions)	\$397.5	\$430	\$392	\$347	N/A
Per video gambling machine	\$28,393	\$43,000	\$56,582	\$61,601	N/A
Per Capita	\$497	\$108	\$560	\$116	N/A
Total Gross Income (in millions)	\$178.9	\$189	\$141	\$172.4	N/A
Per video gambling machine	\$12,779	\$18,900	\$20,352	\$30,605	N/A
Per capita	\$224	\$47	\$201	\$57	N/A
Total Tax Revenue (in millions)	\$26.8	\$42.5	\$49.3	\$113.5	N/A
Per video gambling machine	\$1,914	\$4,250	\$7,116	\$20,149	N/A
Per capita	\$34	\$11	\$70	\$38	N/A

* Restricted establishments only

Source: Compiled by the Office of the Legislative Auditor

The data contained in this table is intended to provide comparative data between Montana and other states who offer video gambling. However, it is difficult to draw any conclusions from this data because the information can be interpreted in a variety of ways due to some basic differences between the states. Some of the differences include the amount of tourism which exists in the states, the availability of other types of gambling, the number of

MAJOR STATE BUSINESS TAXES AND FEES PAID BY ESTABLISHMENTS OFFERING VIDEO GAMBLING IN VARIOUS STATES

TAX TYPE	MONTANA	OREGON	SOUTH DAKOTA	RHODE ISLAND (4)
Gambling Related Video Gambling Tax (1)	15% of gross income	65% of gross income	50% of gross income (3)	34% of gross income (5)
Annual Machine Permit Fees	\$200 per machine	\$135 to \$210 per machine (6)	\$1000 per establishment	N/A
Gambling License Fee	Application processing: \$50 non-profit organization \$400 sole proprietorship \$500 partnerships and corporations	N/A (2)	\$50 application; \$100 renewal	No license fee; activities taxed (7)
Liquor Related Initial All-Beverage License Fee	\$20,000 to market value	\$400	\$900 up to \$1 per person in the city	\$400 to \$1500 (9)
All-Beverage Renewal Fee	\$400 to \$800 (8)	\$400	\$900 to \$1500 (6)	\$400 to \$1500 (9)
Beer and Wine On-Premise Fee	\$400 per year	\$200 per year	\$250 per year (10)	\$200 per year (10)
Income Related Personal Income Tax	2% to 11%	5% to 9%	N/A (11)	27.5% of federal taxable income
Corporate Income Tax	6.75%	6.6%	N/A (11)	9%
Property Related Real Property Tax (12)	Yes	Yes	Yes	Yes
Personal Property Tax (12) (includes business inventory)	Yes	Yes	No	Yes
Employee Benefits Unemployment Insurance (13)	Yes	Yes (14)	Yes	Yes
Workers' Compensation Insurance (15)	Yes	Yes	Yes	Yes

(1) Video gambling tax based on gross income which equals money placed into gambling machines less prizes paid out
 (2) in Oregon the establishments lease video gambling machines from the state
 (3) South Dakota tax rate effective 7/1/95
 (4) Rhode Island only has video gambling at dog tracks and Jai Alai facilities
 (5) An additional 3% is paid to company placing the machines
 (6) Oregon machine permit fees are \$135 plus additional fee based on sales
 (7) Parimutual betting tax of 5.5% of amounts contributed to mutual pool
 Jai Alai betting tax of 3% of amounts contributed to mutual pool
 Simulcast betting tax of 4% to 5.5% of amount wagered depending on type of bet
 Admissions tax of 20% of admissions cost
 (8) All-beverage renewal fee varies depending on population
 (9) Rhode Island tavern keeper license fee varies depending on population
 (10) Beer only
 (11) South Dakota does not have income taxes; relies on sales tax
 (12) Real and personal property taxes based on property values and established mill levies
 (13) Unemployment insurance rates based upon payroll and claims history
 (14) Oregon unemployment insurance at a flat rate of 2.24%
 (15) Workers' Compensation insurance rates based upon payroll, occupational risk, and claims history

MONTANA STYLE CASINO
Composite Profit and Loss Statement

EXHIBIT 2
DATE 3/13/95
HB 583

INCOME TAX RETURN DATA:	DOLLARS	%
-----	-----	-----
GROSS REVENUE	1,124,175	100.00%
COSTS OF GOODS SOLD	396,972	35.31%
-----	-----	-----
GROSS PROFIT BEFORE MACHINE TAX	727,202	64.69%
15% MACHINE TAX *	116,859	10.40%
-----	-----	-----
GROSS PROFIT AFTER MACHINE TAX	610,343	54.29%
-----	-----	-----
OFFICER/OWNER SALARIES **	22,036	1.96%
WAGES AND SALARIES	258,647	23.01%
REPAIRS	19,350	1.72%
BAD DEBTS	3,946	0.35%
RENTS	44,818	3.99%
OTHER TAXES	31,426	2.80%
INTEREST	20,579	1.83%
DEPRECIATION	27,190	2.42%
ADVERTISING	16,466	1.46%
PROFIT SHARING/EMPLOYEE BENEFITS	7,457	0.66%
INSURANCE	12,341	1.10%
SUPPLIES	14,324	1.27%
UTILITIES	21,671	1.93%
OTHER EXPENSES	47,570	4.23%
-----	-----	-----
TOTAL OPERATING EXPENSES	547,822	48.73%
-----	-----	-----
NET INCOME BEFORE INCOME TAXES	62,521	5.56%
=====	=====	=====

* This amount is an average from the entities federal income tax return. Quarterly machine tax returns to the State of Montana reflected \$119,223 of taxes on gross machine revenue of \$794,823. The small variance in the tax figure is due to differences in fiscal years.

** Represents the total average salaries of officers who spend an average of 78% of their time at the business and own 38% of the business. The remaining 62% of non-employee ownership interest receives a return out of the profit.

EXHIBIT 3
DATE 3/13/95
HB 588

Amendments to House Bill No. 588
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
March 13, 1995

1. Page 1, line 29.
Strike: "4"
Insert: "5"
1

EXHIBIT 4
DATE 3/13/95
HB 346

Amendments to House Bill No. 346
First Reading Copy

Requested by Rep. Somerville
For the Committee on Taxation

Prepared by Lee Heiman
February 8, 1995

1. Title, lines 5 through 7.
Strike: "PROVIDING" on line 5 through "ELECTION;" on line 7
2. Title, line 7.
Strike: first "AN"
Insert: "A DELAYED"
3. Page 3, line 23.
Strike: "on approval by the electorate"
Insert: "January 1, 1996"
4. Page 3, line 26.
Strike: "1996"
Insert: "1995"
5. Page 3, line 28 through page 4, line 2.
Strike: section 12 in its entirety

EXHIBIT 5
DATE 3/13/95
HB 346

AMENDMENTS TO HOUSE BILL 346
INTRODUCED BILL

PREPARED BY THE DEPARTMENT OF REVENUE
FEBRUARY 3, 1995

DRAFT

EXPLANATION

Amendments 1 and 2 eliminate the residency requirement for the purpose of the definition of "owner-occupied residence." to avoid any constitutional problems. Amendments 3 and 4 provide for the situation where an individual owns and occupies more than one residence during the year if the total occupancy is for seven months or more. In this instance the claim may be made for either residence.

Amendment 5 is a cost savings amendment which does away with the requirement that the Department keep records of all extensions and the reasons for granting extension to a taxpayer who wishes to file a claim.

Amendment 6 clarifies that those individuals that do not have income taxable under this chapter will be given a refund.

Amendment 7 provides for the county to specify the value of the residential improvements, the tax rate and the mill levy. Not all county November tax statements contain all the information required to calculate the credit. This amendment will make it easier for the taxpayer to claim the credit.

The first half of property taxes are due in November and the second half of property taxes are due in May. The credit will be given assuming that all property taxes will be paid. Amendment 8 provides for situations in which a taxpayer fails to timely pay the property taxes for which a claim is filed.

1. Page 1, line 20
Following: "taxes"
Insert: ", "
2. Page 1, line 21
Following: "owned"
Insert: "by an individual"
Strike: remainder of lines 21 through 23 in their entirety.
3. Page 2, lines 2 and 3
Following: "an individual"
Strike: ":" and remainder of lines 3 and 4 in their entirety.
4. Page 2, line 5
Strike: "(2)"
Strike: "The"
Insert: "a"
Page 2, line 6

Following: "period."

Insert: "The individual may own and occupy more than one residence during the year and qualify if the total occupancy is for 7 months or more. The claim may be for either residence."

5. Page 2, lines 13 and 14

Following: "exists."

Strike: remainder of lines 13 and 14 in their entirety.

6. Page 2, line 25

Following: "chapter."

Insert: The department will issue a refund to the claimant.

7. Page 3, line 11

Following: "claim."

Insert: "Each county shall specify the value of the residential improvement, tax rate and mill levy."

8. Page 3, line 13

Following: "If"

Insert: "the claimant does not timely pay the property taxes for which a claim is filed or if an otherwise"

EXHIBIT _____

DATE _____

HB _____

COMPARISON OF TAXES FOR HOUSES OF EQUAL ASSESSED VALUE

AVERAGE MARKET	TAXABLE	MILL LEVY	AVERAGE TAXES
\$70,600	\$2,725	0.56395	\$1,537
\$70,600	\$2,725	0.44878	\$1,223
\$70,600	\$2,725	0.493568	\$1,345
\$70,600	\$2,725	0.42835	\$1,167
\$70,600	\$2,725	0.48901	\$1,333
\$70,600	\$2,725	0.38803	\$1,057
\$70,600	\$2,725	0.47909	\$1,306
\$70,600	\$2,725	0.449935	\$1,226
\$70,600	\$2,725	0.48778	\$1,329
\$70,600	\$2,725	0.58184	\$1,586

MINIMUM:	\$1,057
MAXIMUM:	\$1,586
AVERAGE:	\$1,311

COMPARISON OF TAXES FOR COMPARABLE* HOUSES IN DIFFERENT CITIES

CITY	IMP. VALUE	LAND VALUE	TOTAL VALUE	TAXABLE VALUE	MILL LEVY	FY 95 TAXES
MISSOULA	\$60,900	\$19,000	\$79,900	\$3,084	0.56395	\$1,739
BOZEMAN	\$72,550	\$14,450	\$87,000	\$3,358	0.44878	\$1,507
KALISPELL	\$62,350	\$15,750	\$78,100	\$3,015	0.493568	\$1,488
BILLINGS	\$58,200	\$11,700	\$69,900	\$2,698	0.42835	\$1,156
LEWISTOWN	\$61,800	\$7,500	\$69,300	\$2,675	0.48901	\$1,308
HELENA	\$55,900	\$11,000	\$66,900	\$2,582	0.38803	\$1,002
BUTTE	\$53,200	\$14,000	\$67,200	\$2,594	0.47909	\$1,243
HAVRE	\$67,625	\$11,475	\$79,100	\$3,053	0.449935	\$1,374
GLASGOW	\$56,425	\$3,775	\$60,200	\$2,324	0.48778	\$1,133
GLENDIVE	\$43,180	\$5,220	\$48,400	\$1,868	0.58184	\$1,087

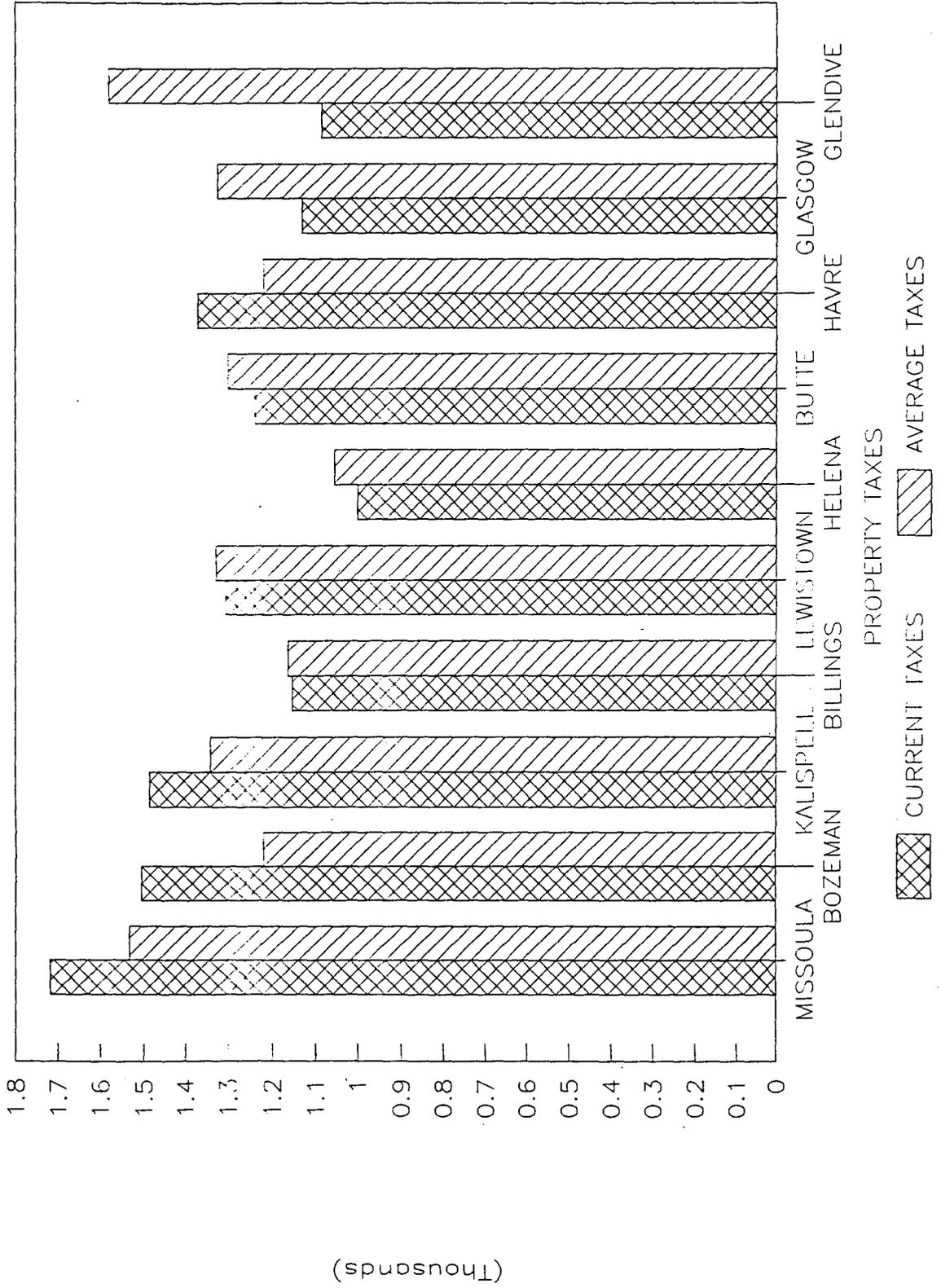
MINIMUM:	\$43,180	\$3,775	\$48,400	\$1,868
MAXIMUM:	\$72,550	\$19,000	\$87,000	\$3,358
AVERAGE:	\$59,213	\$11,387	\$70,600	\$2,725

TAXES VARY FROM 1114 TO 2096 DUE TO MILL LEVIES AND VALUATION

* CRITERIA FOR COMPARABLE HOUSE: 1F5 Ranch - style house, 1200 square feet, full unfinished basement
 3 bedrooms, 2 bathrooms, attached 2 - car garage
 Lot size = 100' x 100' (10,000 sq.ft.)

EXHIBIT 6
 DATE 3/13/95
 HB 346

CURRENT VS. AVERAGE TAXES



HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Paration COMMITTEE _____ BILL NO. HB 588
 DATE _____ SPONSOR(S) Rep. Ohs

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Sharon Hubbell	del	580		X
PHIL KISER G.F.	RIVER CITY SMOKE FREE	583	X	
John Hayes	Cascade County TA	583	X	
Dennis Burr	MONTAX	588		X
Christine Fiorité	HERE UNION	583	X	
Jacque Heli	HERE UNION	583	X	

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

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

TAXATION COMMITTEE BILL NO. HB 503
 DATE 3-13-95 SPONSOR(S) Rep Ewert

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
John Blair	Reno Club		X	
Gaumen Willoughby	BEST BET CASINO		X	
Lee Baker	Best Bet		X	
Ralph Ferraro	R Rocking R BAR		X	
John Kosevich	Little Eden's Bar		X	
SARAH HEROLD	CAPITAL CITY BOWL		X	
Rich E Miller	Millers Crossing		X	
Maura E Dusee	MT Tavern Assn		X	
LARRY AKEY	MT COIN MACHINE OPERATORS ASSOC		✓	
MIKE CETRARO 52 N. MAIN HELENA MONT. 59601	VILLAGE INN PIZZA 3 PIAZZO SWISS HIT PIAZZA ROSALINDA		✓ ✓ ✓	
MIKE CETRARO 52 N. MAIN HELENA MONT. 59601	SELF		✓	
Dick Berg	Fleetwood		✓	

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

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Excavation COMMITTEE _____ BILL NO. HB 583
 DATE 3/13/95 SPONSOR(S) Rep. Cerver

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Olaine Javed Kuntz 612 CENTRAL AVE - GT Falls	Montana Bar		X	
Roselee Bullock	Tr: County Tavern		X	
Chesler Bullock	Silver Saddle Bar.		X	
Orville Johnson	Yacht Basin		X	
Dennis Casmy	GIA		X	
Ron Torke	Golden Spout Mills Ctr		X	
John Torke	Dutchman Spout Mills Ctr		X	
Darrell Keck	MTA		X	
Cent Reinson	Cent Saloon		X	
GREG TABISH	FRENCH CONNECTION		X	
DON LAINE	GIA			
Colleen Menkey	Best Bet CASINO		X	

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