

**MINUTES**

**MONTANA SENATE  
57th LEGISLATURE - REGULAR SESSION  
COMMITTEE ON TAXATION**

**Call to Order:** By **CHAIRMAN BOB DEPRATU**, on March 29, 2001 at 8:00 A.M., in Room 405 Capitol.

**ROLL CALL**

**Members Present:**

Sen. Bob DePratu, Chairman (R)  
Sen. Alvin Ellis Jr., Vice Chairman (R)  
Sen. John C. Bohlinger (R)  
Sen. Pete Ekegren (R)  
Sen. Jon Ellingson (D)  
Sen. Dan Harrington (D)  
Sen. Emily Stonington (D)

**Members Excused:** Sen. Mack Cole (R)  
Sen. Bill Glaser (R)

**Members Absent:** None.

**Staff Present:** Lee Heiman, Legislative Branch  
Deb Thompson, Committee Secretary

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

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Senate Bill 504, 3/23/2001  
Executive Action: Senate Bill 504, Pass 5-4

**HEARING ON SENATE BILL 504**

**Sponsor:** **SENATOR SAM KITZENBURG**, SD 48

**Proponents:** Dick Crofts, Commissioner of Higher Education; Erik Burke, MEA-MFT; Ronda Carpenter, Montana Coin Machine Operators; Mary Whittinghill, Montana Taxpayer Association; Dustin Stewert, Montana Associated Students

**Opponents:** None

**Opening Statement by Sponsor:** **SENATOR KITZENBURG** presented the bill. He described a sales tax of 4% on goods only, not services. He listed the exemptions and the use of proceeds. He distributed written testimony. **EXHIBIT (tas71a01)**

**Proponents' Testimony:** **Dick Crofts**, Commissioner of Higher Education, said the university system needed support and still had unmet needs for funding. This bill would provide that support.

**Erik Burke**, MEA-MFT, said the bill tried to address problems this Session. He noted that de-regulation and the energy crisis were the number one problems in the state. However, right below that was the tax structure, how we are funding K-12 education and the university system and how we are funding public services in the state. More solutions were needed. He urged serious consideration of the sales tax bill. **{Tape : 1; Side : A; Approx. Time Counter : 18.0 - 19.2}**

**Ronda Carpenter**, Montana Coin Operators Association, asked that the coin machines were clearly exempted.

**Mary Whittinghill**, Montana Taxpayers Association, supported the bill.

**Dustin Stewert**, ASMSU, supported the bill.

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:** **SENATOR BOHLINGER** noted the unmet needs of the Session including funding for teachers, higher education and tax relief for property owners. A fiscal note was needed to see how much money was allocated in these areas. **SENATOR KITZENBERG** replied an accurate fiscal note was needed. Originally he used 1% for teacher salaries because he thought that would raise \$100 million.

**SENATOR STONINGTON** described the difficulty with the sales tax, nationwide, because of the internet. **CHAIRMAN DEPRATU** discussed sales of appliances over the Internet which avoided sales taxes in their home states. **Mr. Heiman** described the Walmart Internet sites, which were owned by an intermediate, where customers could purchase goods from other Walmart stores for direct delivery. This also avoided a sales tax. **{Tape : 1; Side : A; Approx. Time Counter : 19.2 - 30.5}**

**Closing by Sponsor:** **SENATOR KITZENBURG** closed.

**EXECUTIVE ACTION ON SENATE BILL 504**

**SENATOR BOHLINGER MOVED DO PASS.**

The question was called. The motion **PASSED** 5-4 on a roll call vote.

**ADJOURNMENT**

Adjournment: 8:43 A.M.

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SEN. BOB DEPRATU, Chairman

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DEB THOMPSON, Secretary

BD/DT

**EXHIBIT (tas71aad)**