

[Senator Sam Kitzenberg's e-mail goes out from Helena on tmtone@nitco.net server. Contact Sen. Kitzenberg at the capitol in Helena: 406-444-4800 for verification and comments. I am the computer guy who forwards email sent to sam@kitzenberg.net. Some comes through Sen. Kitzenberg's web page www.kitzenberg.net. - information there for you to view. Some of you are used to this format by now. Have a good day!]



A "free ride" through Montana by Sen. Sam Kitzenberg

Tourists are using Montana infrastructure without having to pay anything for it. All but a handful come from states where traveling Montanan's pay sales taxes. The solution to this problem rests in SB 512, a 4% sales tax that will raise \$341million and remove the 101 mills taxed on property. In addition to eliminating the 101 mills, this bill would address significant issues regarding health insurance, elderly services, and need-based scholarships to the Montana University System.

In addition to funding the above programs, there will be \$41 million left for under-funded programs or to help with budget deficits – such as costs to cover a bad fire season. Essential need items are excluded from this tax. Excluded examples are unprepared food, medicine, health care, agricultural inputs, unprocessed agricultural products, and motor fuels just name a few.

The timing for this is perfect, as tourism will begin to peak because as the 200th Anniversary of the Lewis and Clark Expedition heads our way in mid-2005 and 2006. The Trail States Survey estimates a 25% increase in tourism traffic or about 2 million extra tourists a year during this period!

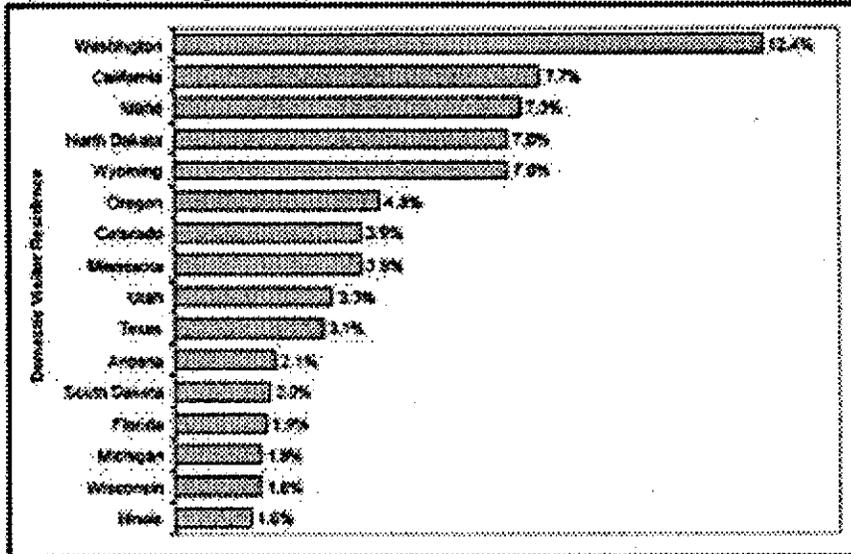
Year	Nonresident Visitors
1993	8,375,000
1994	8,657,000
1995	8,772,000
1996	8,696,000
1997	8,889,000
1998	9,279,000
1999	9,428,000
2000	9,465,000
2001	9,552,000
2002	9,767,000
2003	9,670,000

These numbers starkly demonstrate the fact that tourist are using Montana infrastructure without having to share the price to maintain it. Why not create a tax that out-of-staters and residents both share equally to help cover the costs of the state? Right now, people come here, use Montana services, and walk out leaving the door wide open...not contributing fair resources to support the system that they used. Montanans are asked to shut the door as they leave other states.

As the elderly in Montana move into retirement and the loss of active baby-boomer income is realized, we must consider funding to programs that provide services to these people. With the 4% sales tax, almost \$15 million will be dedicated to the Department of Health and Human Services to fund those programs that help the elderly. Another \$7.5 million will go to the Older American Trust Fund that is subject to appropriation after 2011. This fund is used to address rising health care costs as baby boomers come of age.

Another \$7.5 million will be paid to the Montana University System for scholarships. As we face another round of tuition increases to

Visitor Population by State of Residence, 2001/2002



our students at our Montana colleges, we need to mitigate this with more funds to systems that have seen no increase in monies (actual or inflationary) since 1992. We must stop pricing post graduate educational opportunities beyond our families ability to pay. Graduating with large school loans forces students and their families to shoulder large financial burdens that negatively impact economic progress for all of us in Montana.

Montana's Top 10 Tourist Destinations, 2000-2003

Destination ¹	2000	2001	2002	2003	% Change 2003/2000 ²
1 Glacier National Park ³	1,728,693	1,680,614	1,905,689	1,664,046	-4%
2 Yellowstone Natl Park ⁴	1,447,490	1,430,848	1,516,575	1,530,891	6
3 Little Bighorn Battlefield	330,329	334,567	425,995	422,565	26
4 Fort Peck Lake ⁵	266,696	156,989	222,253	209,634	-21
5 National Bison Range	109,600	103,500	114,900	105,700	-4
6 Museum of the Rockies	86,660	73,623	74,175	70,293	-18
7 Lewis & Clark Interpretive Center	53,719	54,443	61,197	59,619	11
8 Lewis & Clark Caverns State Park	50,375	50,500	49,396	50,113	-1
9 Big Hole Battlefield	40,470	56,619	61,142	55,145	36
10 Pompey's Pillar	40,249	39,300	36,000	39,500	-4
Total	4,154,529	3,957,393	4,467,422	4,216,497	1%

Sources: Bureau of Land Management, National Park Service, Travel Montana.

¹Includes only destinations that keep consistent visitation counts.

²Percent change in visitation for Fort Peck Lake, National Bison Range, Museum of the Rockies, Lewis & Clark Interpretive Center, Lewis & Clark Caverns, and the Montana Historical Society for the months May through September.

³Dramatic decrease from 2002 to 2003 visitation due mainly to counting procedure changes, adjustments, and wildfires in and around the park. Caution should be used when comparing 2003 figures with previous years.

⁴Figures reflect Yellowstone National Park visitors who entered the park from Montana. Although the park is primarily located in Wyoming, about 51% of the park's visitors travel to Montana during their trip (1999-2003).

⁵In 2003, Fort Peck Lake water level was at an all time low due to persistent drought conditions.

Problems looming with health care and local schools impact us all. These problems can be greatly helped with affordable health insurance for school districts. The sales tax would provide \$45.6 million to be dedicated to the creation of a health insurance pool for school districts to opt into. This would allow the districts in Montana to provide reliable, quality, and affordable health insurance and free up dollars needed to provide for our local schools.

Over 90% of enterprises in Montana are small businesses. To motivate health insurance for small business employees, another \$11.5 million would be dedicated to income tax relief for those small businesses who provide employee health benefits.

Finally, almost \$17 million will be earmarked for substance abuse treatment, rehabilitation, and prevention. As we are faced with the meth epidemic and the constant costs of alcoholism and drug addiction, we must help those that wish to clean up their lives and support those who can help them recover and stay healthy.

I am working in Helena to find solutions to problems that are plaguing this state and a sales tax is a way to do a lot of good for all Montanans. Under this proposal, we relieve the burden of the 101 mills of property tax while increasing the tax base by having out-of-state visitors contribute to the general fund. We provide affordable health care options for schools, small business employees, and the elderly. We battle meth as this scourge tries to invade our communities and our kid's lives. We also help our college bound students – and their families - by providing more funding for college. Additionally, we leave some emergency revenues in the general fund for unforeseen disaster relief efforts.

This bill does a lot! Let's build a budget that works for Montana and for the people that live here!

Thanks for your attention,
Sen. Sam Kitzenberg, SD 18

Table and Charts: The Institute for Tourism and Recreation Research,
http://www.itrr.umt.edu/reports_nonres.htm