

SENATE TAXATION

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Schweitzer open to local-option sales tax

By The Associated Press

HELENA- Gov. Brian Schweitzer expressed his support for a law giving cities and counties the ability to pass local-option sales taxes in a meeting with city officials from across the state.

Schweitzer pointed to the state's projected \$1 billion surplus and new figures showing that, contrary to previous reports, oil and gas tax revenue played a small part in contributing to the state's surplus, according to the Bozeman Daily Chronicle, which reported Saturday on the meeting held a day earlier.

Increases in revenue collected from individual and corporate income taxes largely contributed to the surplus, Schweitzer said at the meeting. Most of that money is being generated out of the state's cities.

"Tell you what, we want your engines to keep going," the governor told officials before they made their pitch. "We want you to be successful."

The idea of a local-option sales tax has been batted around from Legislative session to session, never getting the votes to become law.

While the state is awash in money, its cities are not enjoying the high times because of a tax structure that leaves them unable to meet their infrastructure needs, officials said.

"We're reliant upon the property tax," Alec Hansen of the Montana League of Cities and Towns said.

Bozeman, Billings, Great Falls and Missoula were some of the cities represented at Friday's meeting.

City officials have long pointed to resort communities such as West Yellowstone and Whitefish, which have their own voter-enacted sales taxes and have been able to keep property taxes down as a result.

Whitefish, for example, has seen its sales tax revenue grow by 7 percent every year for the last 10 years despite its sales tax remaining the same during that time, City Manager Gary Marks said.

Residents there have twice voted to enact it.

Also, nearby Kalispell, which has no sales tax, didn't see an influx of shoppers trying to escape paying the resort tax, said Bozeman City Manager Chris Kukulski, who formerly was Kalispell's city manager.

City officials are not asking state lawmakers to create a new tax. They're asking lawmakers to give local voters the ability to vote whether they want a sales tax in their communities.

The idea has a wide range of opponents, however.

Farmers and other rural residents, who do most of their shopping in cities, don't want to pay a tax they believe won't benefit them.

Some small-business owners fear that if their communities enact a sales tax, it will drive business to nearby communities without a tax.

Then there are those who believe passage of a local-option sales tax law will be the death blow to any effort to pass a statewide sales tax.

But Hal Harper, the governor's policy adviser and a former legislator, doubted that was a true concern given Montanans' historic opposition to the idea.

"You're not getting a statewide sales tax passed in this state," he said. "I don't think it's happening."

The state Senate has supported a local-option sales tax in the past few years, he said. The trouble has been in the House, where previous attempts have usually died.

Schweitzer polled city officials about whether their local lawmakers supported the law. The "900-pound gorilla," he said, was Gallatin County's delegation.

The county's Republicans have opposed local-option sales taxes. Its Democrats have been more favorable to the idea, although some are a little wary as well.

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