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1986 Voter Information Pamphlet

Introduction

On November 4, you will have the opportunity to vote on seven state ballot issues along with the federal, state and local offices which will appear on your general election ballot. This pamphlet contains information about each of the ballot issues. It is being sent to you, and all other registered voters of Montana, as required by law. It is printed to assist you in making informed decisions on these very important ballot questions.

The first section contains just the basic information on each issue — including: the official ballot titles and explanatory statements for each issue as prepared by the Legislature and Attorney General; "How the issue will appear on the Ballot"; and the arguments "for" and "against" each issue as prepared by duly appointed committees of proponents and opponents. Then, the complete text of each measure is printed separately toward the end of the pamphlet.

As Secretary of State of the State of Montana, I certify that the text of each proposed issue, ballot title, explanatory statement, statement for and against, and the rebuttal statement which appears in this pamphlet is a true and correct copy of the original document filed in my office.

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Jim Waltermire
Secretary of State

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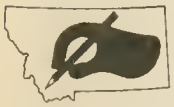

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CONSTITUTIONAL AMENDMENT NO. 15

AN AMENDMENT
TO THE CONSTITUTION
PROPOSED BY THE LEGISLATURE

OFFICIAL BALLOT TITLE

AN ACT TO SUBMIT TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE II, SECTION 14, OF THE MONTANA CONSTITUTION TO PROVIDE THAT THE PEOPLE OR THE LEGISLATURE MAY ESTABLISH THE LEGAL AGE FOR PURCHASING, CONSUMING, OR POSSESSING ALCOHOLIC BEVERAGES; AND PROVIDING AN EFFECTIVE DATE.

Attorney General's Explanatory Statement

The Legislature submitted this proposal for a vote. It would amend the Montana Constitution to remove the legal drinking age of 19 years from the Constitution and allow the legal drinking age to be established by statute or initiative. Currently the Constitution requires that the minimum age for consuming or possessing alcoholic beverages may not be more than 19 years. This proposal would not only remove the reference to 19 years of age, but would also establish that the legal age pertains to the purchase, as well as the consumption or possession of alcoholic beverages.

Argument For Constitutional Amendment No. 15

At the present time, Article II, Section 14 of the Constitution establishes the legal drinking age in Montana at 19 years. This constitutional amendment would remove the age limit from the Constitution, and allow the legal age to be set by the legislature or by the voters of Montana through an initiative.

This amendment is necessary so that the legislature can respond to a statute passed by the United States Congress. This statute requires all states to have a law prohibiting the purchase or public possession of alcoholic beverages by persons under 21 years of age. Any state that does not enact such a law will lose 5% of its federal aid highway funds in the fiscal year 1987 and 10% each fiscal year thereafter. Failure to pass this amendment would result in the loss of up to $10 million per year of federal-aid highway funds. Montana's highway program cannot afford to lose these funds.

There are additional reasons as to why the legislature should be allowed to examine the drinking age issue. The current 19 year drinking age is creating problems for educational institutions in the state of Montana. High schools throughout the state have encountered problems involving the availability of alcohol to their students. Not only do some 19 year olds attend high schools, graduated 19 year olds are often part of the peer group of younger high school students. While raising the drinking age to 21 years will not eliminate all these types of problems, it will make alcohol less available to high school age students.

An increased drinking age should also reduce the number of automobile accidents involving Montana youngsters. Currently, a significant percentage of the fatal accidents involving teenagers in Montana involve alcohol.

The passage of this Amendment will not automatically change the drinking age. It will, however, allow the legislature to examine the issues and determine whether the 21 year old limit is appropriate.

Passage of Constitutional Amendment 15 is not only in the best interest of the youth of Montana, it makes good fiscal sense.

This Argument Prepared by: Senator Les Hirsch, Miles City; Representative Gary Spaeth, Joliet; and Karen Doolen, Billings.

HOW THE ISSUE WILL APPEAR ON THE BALLOT:

CONSTITUTIONAL AMENDMENT NO. 15

☐ FOR removing the legal drinking age of 19 years from the constitution and allowing the legal drinking age to be established by statute or initiative.

☐ AGAINST removing the legal drinking age of 19 years from the constitution and allowing the legal drinking age to be established by statute or initiative.

NOTE: The ballot title was written by the Legislature and the explanatory statement by the Attorney General as required by state law. The complete text of Constitutional Amendment No. 15 appears on page 16.

Argument Against Constitutional Amendment No. 15

Committee to write the argument against Constitutional Amendment No. 15 failed to file a statement by the statutory deadline.

Rebuttal of Argument For Constitutional Amendment 15

The federal government takes money from us but won't give it back (as highway funds) unless we follow a law Congress could not otherwise force us to follow. This is poor public and constitutional policy and an improper ordering of federal-state relations. If you vote for this amendment you will be giving the Legislature the power to give in to federal blackmail and raise the drinking age to 21.

It might make sense to raise the drinking age to 21 if persons under 21 had a higher alcohol-related motor vehicle accident rate. They don't. In Montana, drivers under 21 have a lower alcohol-related accident rate than older drivers. Of 75,000 Montana drivers under 21 in 1985, only 334 had a motor vehicle accident involving alcohol use, and they were not always found at fault. Because of the actions of 334, we would penalize almost 75,000 people. These facts are contained in studies done by the Montana Highway Patrol and the National Highway Traffic Safety Admininstration.

Further, when the drinking age went from 18 to 19 in Montana, fatal alcohol-related nighttime accidents involving persons 18 or younger actually increased. This may indicate that raising the drinking age to 21 will "get them out of the bars and into the cars".

If you're old enough to fight and die for your country, you're old enough to enjoy a beer if you wish.

Where is the evidence that raising the drinking age will limit the availability of alcoholic beverages to our youths?

This Argument Prepared by: Senator George McCallum, Plains; Representative Dave Brown, Butte; Senator J. D. Lynch, Butte.

CONSTITUTIONAL AMENDMENT NO. 16

AN AMENDMENT
TO THE CONSTITUTION
PROPOSED BY THE LEGISLATURE

OFFICIAL BALLOT TITLE

AN ACT TO SUBMIT TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO THE MONTANA CONSTITUTION TO REPEAL ARTICLE XIII, SECTION 3, THEREOF, WHICH REQUIRES THE LEGISLATURE TO CREATE A SALARY COMMISSION TO RECOMMEND COMPENSATION FOR THE JUDICIARY AND ELECTED MEMBERS OF THE LEGISLATIVE AND EXECUTIVE BRANCHES.

Attorney General's Explanatory Statement

The Legislature submitted this proposal for a vote. It would amend the Montana Constitution to abolish the Montana salary commission. Currently the Constitution requires the Legislature to create a salary commission to recommend compensation for members of the judiciary, members of the Legislature, and elected members of the executive branch of state government.

Argument For Constitutional Amendment No. 16

Approval of this amendment would strike from the Constitution the requirement for a Salary Commission, which has proved totally ineffective in recommending compensation for elected state officials. The legislature must enact all changes in salaries, and it has consistently ignored all recommendations of the Salary Commission by approving of salaries substantially lower than recommended. If this amendment is approved, the statutory repeal of the Salary Commission law, enacted by the 1985 Legislature with a delayed effective date, will become effective July 1, 1987, when the authorization for the establishment and functioning of the Salary Commission will expire.

Rebuttal of Argument Against Constitutional Amendment No. 16

The opponents argue that without the Montana Salary Commission there would be no objective analysis of the salary schedules appropriate for elected officials in Montana, nor would there be an opportunity for citizen review. This is simply not the case.

If the Salary Commission was abolished, the legislature would adopt salary schedules only after recommendations for salary changes had been subjected to the full hearing process required in House and Senate rules. Citizens would have ample opportunity to express their concerns and opinions and the media would play a critical role in disseminating proposed salary changes to the public for their review.

Continuation of the independent salary commission is a duplication of effort and an unnecessary waste of taxpayer dollars. The Montana Salary Commission was a good idea at the time it was proposed and adopted, but the fact remains that it simply has not been an effective means of providing the legislature with necessary salary recommendations for elected officials.

These Arguments Prepared by: Senator Mike Halligan, Missoula; Representative Bob Marks, Clancy; and Dave Byerly, Lewistown.

HOW THE ISSUE WILL APPEAR ON THE BALLOT:

CONSTITUTIONAL AMENDMENT NO. 16

☐ FOR abolishing the Montana salary commission.

☐ AGAINST abolishing the Montana salary commission.

NOTE: The ballot title was written by the Legislature and the explanatory statement by the Attorney General as required by state law. The complete text of Constitutional Amendment No. 16 appears on page 16.

Argument Against Constitutional Amendment No. 16

The Montana Salary Commission was created by the people of Montana when they adopted the 1972 Constitution. The Commission was intended to be an independent, objective group of citizens who could recommend fair and reasonable compensation for legislators and other elected state officials. It was designed to be free of political or personal considerations in recommending salaries appropriate for the education, experience, and effort required for each office.

The Salary Commission is an 8-member, bipartisan board appointed by the Governor, the state supreme court, and the majority and minority leaders of the house and senate. It meets twice each biennium.

While the legislature has not closely followed the Commission's recommendations, there are several important reasons a functioning Salary Commission should be maintained.

First, citizens should continue to be involved in establishing salaries for elected officials. If there were no Salary Commission, the legislature would have to set its own salaries without an objective, impartial review to ensure that compensation is neither unreasonably high nor unreasonably low.

Second, our Salary Commission reviews the whole area of adequate compensation, so that Montanans will continue to have a legislature with broad citizen representation rather than one that includes only people of independent means.

Past history has shown that legislators generally are reluctant to appropriate adequate compensation for themselves. Inadequate compensation has eliminated some potential candidates who lacked sufficient financial resources to sustain them during a term of office. Incumbent legislators also experience financial hardship, and as a result many competent, experienced legislators have decided not to seek reelection. The Salary Commission was created to study this problem and recommend compensation that will not prevent people from running for public office.

Third, the Commission provides legislators with information on salary levels in other states similarly situated and on salaries paid in the private sector for similiar work and responsibilities. This information is needed for responsible decision making.

Proponents of abolishing the Salary Commission argue that it is ineffective, because its recommendations have largely been ignored. The Commission was created as an advisory body only. The legislature receives recommendations from many advisory groups and seldom accepts all of their recommendations.

Recent legislatures have been conservative in making appropriations for all sectors of government, so it is not surprising that they have been reluctant to increase their own salaries and those of other elected officials. It is important, however, that the legislature continue to receive objective, unbiased information and recommendations from an independent commission of responsible citizens. Only with this kind of assistance can the legislature establish appropriate levels of compensation for elected officials.

Rebuttal of Argument For Constitutional Amendment No. 16

Even though the legislature has not enacted the salary levels recommended by the Salary Commission in the past, it should have the benefit of the Commission's recommendations in the future. The Commission represents a citizen's view of fair and reasonable compensation, based on objective research.

The Commission developed its recommendations to the 1985 Legislature at a cost of $1,800 for the 1983-84 biennium. This is a small price to pay for a safeguard against abuse of the legislature's power to establish salaries for themselves and other elected officials.

These Arguments Prepared by: Senator Dorothy Eck, Bozeman; Representative Joan Miles, Helena; and Mae Nan Ellingson, Missoula.

CONSTITUTIONAL INITIATIVE NO. 27

AN AMENDMENT
TO THE CONSTITUTION
PROPOSED BY INITIATIVE PETITION

OFFICIAL BALLOT TITLE AND Attorney General's Explanatory Statement

THIS INITIATIVE WOULD AMEND THE MONTANA CONSTITUTION TO ABOLISH TAXES ON REAL AND PERSONAL PROPERTY. THE INITIATIVE WOULD ALSO AMEND THE CONSTITUTION TO REQUIRE THAT A SALES TAX COULD NOT BE IMPOSED WITHOUT VOTER APPROVAL, EITHER BY INITIATIVE OR REFERENDUM. ANY INCREASE IN A SALES TAX OR PERSONAL INCOME TAX WOULD ALSO REQUIRE VOTER APPROVAL.

Argument For Constitutional Initiative No. 27

Your vote for CI-27 is a vote for a desperately needed 20% reduction in government spending.

Our state and local governments took in and spent more than Five Billion Dollars in the 1984-85 biennium. That amounted to $294 in revenue for each $1,000 of personal income we earned in 1984 — a 43% higher rate than the $206 average in the 48 contiguous states!

Eliminating property taxes will still leave government treasuries with $237 per $1,000 of our income — 15% more than average, even more than in California and Massachusetts after Propositions 13 and 2½. There will still be plenty of revenue to provide essential services. Officials who cannot provide those services with a 15% higher-than-average rate of revenue should step aside for those who can.

Property taxes are unfair, complicated, and expensive to collect. They are unrelated to income or ability to pay, especially for homeowners on fixed incomes. When we are prevented by illness, old age, or unemployment from paying the tax bill we can be "evicted" from our own homes.

CI-27 will make it possible for us to truly own our homes and other property. It will allow us to remodel and improve our homes without being penalized with a higher tax bill. Landlords will similarly have greater incentive to keep apartment houses in good repair for renters, and less reason to raise rents. Our homes will become more valuable because buyers will be willing to pay more for a house that is not encumbered with property taxes. Money presently used to pay property taxes can be used to repay mortgages and other debts.

California and Massachusetts have prospered since sharply cutting property taxes. Massachusetts went from the third slowest to third fastest-growing economy in the nation. The number of jobs in both states increased in 1980-84 by more than 7% — a much faster rate than in either Montana or the rest of the nation.

Montana will also prosper by eliminating property taxes. There will be greater incentive for businesses and industries to stay in Montana and expand and for new ones to move here, truly "Building Montana." Our near-bankrupt agricultural industry will receive desperately needed financial relief.

All this and more can be accomplished without sacrificing essential services. Schools, police and fire protection, and other important services that rely heavily on property taxes can be aided by state revenue-sharing and the savings from cutting nonessentials at all levels, as in California and Massachusetts.

While Montana's economy has been stagnating and households and businesses alike have had difficulty making ends meet, state and local governments have continued to grow and spend. It's time for some serious budget-trimming and a reordering of priorities. This will be done only if we, the people, demand it by passing CI-27.

We do not need a sales tax. We do not need increases in income taxes or other taxes. We do need a 20% reduction in government excess and waste.

Vote FOR Constitutional Initiative 27.

Rebuttal of Argument Against Constitutional Initiative 27

The claim by the opponents that CI-27 would stop "one-half of present services" is totally absurd. They correctly note that property taxes make up nearly half of general tax revenue. But they neglect to mention that general tax revenue accounts for less than half (42%) of total government revenue. Revenue sources they overlook include user fees, interest income, utility taxes, liquor store profits, rent and royalty payments, federal funds, etc. These additional revenue sources amounted to $1.4 Billion in 1984 — 58% of total government revenue!

By comparison, property taxes accounted for less than 20% of government revenue in 1984. Therefore, abolishing property taxes will cause less than a one-fifth reduction in government revenue, a far cry from the one-half claimed by the opponents.

The threat of drastic cuts for schools and local governments is just as ridiculous. Essential services can operate more efficiently, nonessential services can be reduced or eliminated, and the state can increase revenue sharing to schools and local governments.

It's also unreasonable to expect that Montana bonds, backed by leaner, more efficient governments, will be less saleable. Government bond ratings in California and Massachusetts are as good today as they were before voters in those states enacted Propositions 13 and 2½. And Prop. 13 slashed California's revenue by 30%!

Montana will still be a big-government state after the voters approve CI-27. But our officials will at least begin to face the same budget constraints that we taxpayers have had to in these difficult times.

These Arguments Prepared by: Naomi Powell, Corvallis; Carol Bancroft, Corvallis; and Grant Bierer, Hamilton.

HOW THE ISSUE WILL APPEAR ON THE BALLOT:

CONSTITUTIONAL INITIATIVE NO. 27

FISCAL NOTE

THE TAXES AFFECTED BY THE PROPOSED INITIATIVE ARE PROPERTY TAXES ON REAL AND PERSONAL PROPERTY. THE 1988-89 BIENNIUM DECREASE IN STATE AND LOCAL REVENUES WOULD BE A MINIMUM OF $1.3 BILLION.

☐ FOR amending the Montana Constitution to abolish property taxes and to require voter approval before imposing a sales tax or increasing sales or income taxes.

☐ AGAINST amending the Montana Constitution to abolish property taxes and to require voter approval before imposing a sales tax or increasing sales or income taxes.

NOTE: The ballot title and explanatory statement was written by the Attorney General as required by state law. The complete text of Constitutional Initiative No. 27 appears on page 16.

Argument Against Constitutional Initiative No. 27

If this initiative were adopted, Montana would suffer its greatest revenue shortfall in history, and public services provided by state, county, city and school agencies would be severely curtailed. Its negative impact would be felt in every school building, police and fire station, sheriff's office, judge's chambers, and public health department. We urge a vote AGAINST this irresponsible measure.

The property tax is Montana's main revenue source. It accounts for nearly one-half of all taxes collected, a total for the state of $572,000,000.00 in 1985. Only one-fourth of the property tax burden is carried by residential property owners, and nearly one-half is collected from utilities or extractive industries. Revenues from property taxes in 1983 were distributed as follows:

Schools	- 57%
State	- 3%
Counties	- 22%
Cities, S.I.D.'s	- 12%
Special Districts	- 6%

To replace revenue lost from abolishing property taxes would require a sales tax estimated at 13 or 14 percent, or an increase of 320 percent in income tax rates. If adopted, the proposed initiative would not allow the legislature to enact either tax without a voter referendum. The initiative would end property taxation July 1, 1987, and, without a replacement tax, would create an enormous revenue void of uncertain duration. The legislature, without its constitutional authority over taxation, would be powerless to fund services, and representative government would be placed in jeopardy.

The impact of the initiative on schools, which receive 60 percent of their funds from property taxes, and upon counties, which derive 73 percent of tax funds and nearly one-half of all funds from property taxes, would be disastrous. Cities would lose about 50 percent of their general fund budget source. Public safety, public health, and street and road maintenance would suffer deep cuts. At least one-half of school and county employees would be terminated. Without taxing authority, cities and schools could no longer discharge their local responsibilities. Grass roots democracy would wither.

The state would lose the six-mill levy, an important component of university system funding, and predator control and agricultural promotional programs would be eliminated. Since late July, investors have been unwilling to buy Montana bonds. Uncertainty about Constitutional Initiative 27 has caused national bond rating agencies to withhold ratings on Montana bonds.

Montana's tax system must be reformed. But Constitutional Initiative 27 is not the answer. Responsible reform requires research, study, and debate, all missing in this initiative's preparation. We want reform, not chaos, and restructure, not collapse.

Before marking the ballot, each voter must ask: "Which one-half of present services do I want stopped?" or "Do I prefer a 13 percent sales tax or a 320 percent income tax increase?" and "Do I want to live in a state that cannot sell its bonds?"

No state has ever adopted anything like Constitutional Initiative 27. Each of the fifty states levies property taxes. Adopting this initiative would place an insurmountable obstacle on the ability of schools and local governments to function. Vote for yourself, your family, your state! Vote AGAINST Constitutional Initiative 27.

Rebuttal of Argument For Constitutional Initiative No. 27

Proponents have substituted myth for reality. Six of their myths are listed here.

1. $5 billion revenue myth. This figure is inflated by including proprietary funds, federal funds that must be matched, funds that cannot be diverted (e.g., highway), and earmarked state, local, and school funds. No unit of government can shift these moneys.
2. Unfairness of property tax myth. The national average property tax rate was 1.23 percent of full market value in 1984 compared to 1.14 percent in Montana. One-half of total taxable value of property in Montana is assessed against utilities or extractive industry. Residential taxpayers bear one-fourth of the burden.
3. Myth that California and Massachusetts prospered by cutting property taxes. Nonsense! Those states are home to high technology industries whose prosperity is unrelated to property tax reduction.
4. Myth that abolishing property taxes will bring prosperity. Good schools, competent governments, and quality environment attract industry. Without tax support these attributes will be in peril.
5. Myth that essential services will be unaffected. Proponents have not defined essential services. Education, roads, welfare, public health, and law enforcement receive 75 percent of public funds. One-half of their tax support comes from property taxes.
6. Myth that Montana governments have expanded during economic stagnation. Actually, state and local expenditures have not kept pace with inflation. The legislature recently cut $100,000,000.00 from the state biennial budget. Local governments face the loss of revenue sharing. Teacher salaries are well below national averages.

CI-27 spells disaster. Vote AGAINST CI-27.

These Arguments Prepared by: Ardi Aiken, Great Falls; Representative Gene Donaldson, Helena; Eric Feaver, Helena; Thomas Payne, Missoula; and Representative J. Melvin Williams, Laurel.

CONSTITUTIONAL INITIATIVE NO. 30

AN AMENDMENT
TO THE CONSTITUTION
PROPOSED BY INITIATIVE PETITION

OFFICIAL BALLOT TITLE AND Attorney General's Explanatory Statement

THIS INITIATIVE WOULD AMEND THE MONTANA CONSTITUTION TO AUTHORIZE THE LEGISLATURE TO DETERMINE THE RIGHTS AND REMEDIES FOR INJURY OR DAMAGE TO PERSON, PROPERTY, OR CHARACTER. CURRENTLY THE CONSTITUTION DOES NOT PERMIT LIMITS ON THESE RIGHTS AND REMEDIES. A TWO-THIRDS VOTE OF EACH HOUSE OF THE LEGISLATURE WOULD BE REQUIRED TO SET DOLLAR LIMITS ON DAMAGES FOR ECONOMIC LOSS RESULTING FROM BODILY INJURY.

Argument For Constitutional Initiative No. 30

Supporters of Initiative 30 see aspects of the Montana court system that cry out for reform. Unreasonable and excessive jury awards are now common. All Montana is threatened by this chaos in our courts. If insurance coverage can be found, premiums are often excessive.

Initiative 30 addresses the "liability crisis" by clarifying the power of the Montana Legislature. Only the Legislature, whose power is in doubt today as a result of court decisions, can be expected to pass the reforms that are sorely needed.

The effects of this crisis are visible everywhere. Taxes are increasing to pay for government self-insurance. Capable Montanans are declining to serve in public office and on the boards of non-profit corporations because they are afraid to risk their personal assets. Goods and services are being withdrawn because the risk of huge losses from lawsuits is unacceptably high in this state.

Insurance companies have left Montana, and many are simply refusing to write new policies here. The risk of doing business here exceeds any profits that could possibly be earned in the limited Montana insurance market.

New judge-made laws governing contracts plague all businesses, large and small alike, and make business decisions a guessing game. All employers, including farmers, ranchers and labor unions, are subject to suit when they terminate employees, and defense costs and damages are staggering.

Defendants with assets, particularly government units, are often liable for an entire judgment, even though their own responsibility for an injury is minimal. Injured parties may be compensated several times over for their damages.

Small businesses across the state are suffering from this crisis. While desperately-needed economic development and new jobs are on everyone's mind, the reality is that our existing economy is being severely eroded by this crisis.

Many of these problems are not unique to Montana. What is unique is that our legislators' hands are tied by the courts when they try to fix the problems.

Initiative 30 is a start to cure these abuses in the courts and to solve our problems. Initiative 30 makes clear that our legislators have the authority to pass the kinds of solutions that legislatures in other states have already adopted.

Rebuttal of Argument Against Constitutional Initiative No. 30

Exaggerate. Paint your opponent as evil. Incite the emotions of your listeners. These are all familiar ploys of the trial lawyers.

These ploys have been working well in Montana lately, judging from the size of the jury awards that trial lawyers have been winning. The opposition statement now moves these ploys out of the courtroom and into the initiative process.

But, these arguments are inaccurate and misstate the reality of Initiative 30.

The opponents argue that this amendment destroys the Montana Constitution. It doesn't. Rather, it provides an improved constitutional framework under which the Legislature can address the abuses in our courts.

In considering the opponents' exaggerations, voters should keep in mind the history of the interpretation of this section. The sole effect of Initiative 30 is to restore the interpretation consistently followed prior to 1981.

The pre-1981 interpretation of the Constitution protected Montanans. At that time, Montanans enjoyed the full protection of their state Constitution, as well as the federal Constitution. The argument that all protections are rendered meaningless by this Initiative is unrealistic. Initiative 30 is the essential first step in the process of correcting imbalances in the judicial system that unfairly favor those who bring suit. This process, called tort reform, is well under way around the country.

The trial lawyers rely entirely on legalisms and emotions. Supporters of the Initiative rely on common sense.

Your interests are better served by keeping Montana businesses open than by permitting huge awards for nonexistent injuries.

These Arguments Prepared by: Tim Babcock, Helena; Kay Foster, Billings,; and Marie Durkee, Helena.

HOW THE ISSUE WILL APPEAR ON THE BALLOT:

CONSTITUTIONAL INITIATIVE NO. 30

☐ FOR amending the Montana Constitution to authorize the Legislature to determine the rights and remedies for injury or damage to person, property, or character.

☐ AGAINST amending the Montana Constitution to authorize the Legislature to determine the rights and remedies for injury or damage to person, property, or character.

NOTE: The ballot title and explanatory statement was written by the Attorney General as required by state law. The complete text of Constitutional Initiative No. 30 appears on page 16.

Argument Against Constitutional Initiative No. 30

Only our Constitution provides the necessary shield and stability to protect Montana residents from the never ending attempts by misguided persons and special interest groups to bypass the protections that we believe to be inviolate. These protections are guaranteed by our Constitution. The initiative would effectively destroy the Constitution and deprive all of us of the full legal redress and protection of our civil justice system which is one of the strongest and best anywhere.

The proponents of this attempt to effectively destroy our right to full legal redress as guaranteed by our Constitution, together with the basic protections it affords us all, are led by the wealthiest entities in this country.

The Montana Constitution is a document designed solely for the benefit and protection of the people of this state. It is free of special interest provisions. It is carefully designed to protect all Montanans from the emotional and hysterical outcries which we have all observed.

If the legislature does not have the restraints imposed by our Constitution, we will have lost our system of checks and balances which has forged the greatest strength of our democratic society. The consequences of this initiative would affect every facet of our lives. No one branch of government should rule supreme, which would be the immediate result of a legislature unfettered by constitutional restraints. Those who hope to be benefitted will largely be the victims.

The insurance industry has spent millions of dollars in this attempt to destroy our Constitution, and the basic protections it affords us all, by saying that the legislature should not work within the framework of the Constitution. The proponents would deprive us of full legal redress, and our civil rights, remedies and claims for relief of nearly every kind would then be set by a bare majority of the legislature, free of constitutional restraints. This includes the right of privacy, the right to open meetings, the right to private property and ownership as well as other important rights.

Imagine what special interests would then do to further undermine our individual protections.

The proponents attempt to justify this attack on our Constitution by the suggestion that we may get lower insurance rates or that insurance may be more available. Even if true, the price is unacceptable. However, it is untrue and known by the proponents to be untrue.

This is the most onerous proposal ever presented to the voters of this state. The choice is clear — Trust our Constitution or trust the insurance industry.

Rebuttal of Argument For Constitutional Initiative No. 30

U. S. Supreme Court Justice Black, said in 1940;

> "Under our constitutional system, courts stand as a . . . refuge for those who might otherwise suffer because they are helpless, weak, outnumbered or because they are victims of prejudice and public excitement."

This year the insurance industry started a $6.5 million advertising campaign to sell "the lawsuit crisis" — to create such prejudice and public excitement.

But this so-called "liability crisis" is a myth according to Consumer Reports, August, 1986, the Wall Street Journal, the National Center For State Courts, the National Association of Attorneys General, the U. S. Government Accounting Office, and others.

The fact is that the insurance industry is making billions while court filings are significantly lower in Montana and the average verdict adjusted for inflation has not changed for the last twenty years.

Proponents say we must sacrifice our Constitutional rights because insurance premiums are too high. But premiums will not go down even if we give up our rights. In the states which have passed laws demanded by insurers, premiums have gone up or remained the same.

Also, the legislature already has the power to pass such laws if it wants. What the legislature cannot do under the present Constitution is treat one Montanan differently from another in passing laws. Initiative #30 would authorize such discrimination.

Ask yourself; do you have a lobbyist on your personal payroll to continually protect your fundamental rights? If you do not, don't destroy your Constitution. Vote no on Initiative #30.

These Arguments Prepared by: James P. O'Brien, Missoula; Representative Dorothy Bradley, Bozeman; John Hoyt, Great Falls; Sharon Morrison, Helena; and Karl Englund, Missoula.

LEGISLATIVE REFERENDUM NO. 100

A LAW PROPOSED
BY THE LEGISLATURE

OFFICIAL BALLOT TITLE

AN ACT TO ESTABLISH A STATE LOTTERY AND PROVIDE FOR ITS ADMINISTRATION; AMENDING SECTION 23-5-202, MCA; PROVIDING EFFECTIVE DATES; AND PROVIDING THAT THE PROPOSED LOTTERY LAW BE SUBMITTED TO THE ELECTORS OF THE STATE OF MONTANA.

Attorney General's Explanatory Statement

The Legislature submitted this proposal for a vote. It would establish a state lottery and provide for its administration. Players could purchase from the state chances to win a prize. The lottery would be administered by a state lottery commission.

Argument For Legislative Referendum No. 100

Montanans will finally be given the opportunity to approve a state lottery when you cast your ballots in favor of Legislative Referendum 100. The Montana State Lottery will offer a new revenue source to provide direct property tax relief for Montana citizens. The State Lottery provides a form of entertainment for those that play and is a way to support unfunded local government services for those that don't participate. It is a painless procedure to raise needed revenue and is strictly a voluntary action. In fact, if you don't play then you don't pay.

When studying the results of recently established state lotteries it can be clearly shown that the Montana State Lottery could anticipate sales of $50 per capita within three years of initiation. Based on the experience of neighboring state lotteries it can be projected that first year net revenue for Montana citizens tax relief could be approximately $10 million.

The Montana State Lottery revenue is to be divided as follows: 40% is distributed for public school retirement equalization aid to reduce required local property tax levies; 45% is for prizes that will be divided among thousands of winners; 5% is to be paid as commissions for the sale of lottery tickets; and 10% is for operation of the lottery which is self-sustaining and must exist within its budget or cut back expenses.

Legislative Referendum 100 guarantees the lottery will be run honestly and controlled tightly and will continue the perfect record established by the other 24 state lotteries of total freedom from organized crime infiltration. The Montana State Lottery will be attached to the Department of Commerce and is guided and operated by five commission members and a director, all of whom are appointed by the Governor.

Lottery tickets are purchased predominantly by middle income people and no tickets may be sold or prizes awarded to anyone under age 18. Numerous studies disprove claims that the poor buy more than their proportion of tickets; actually, they buy less.

State lotteries have been in existence for over 22 years and well over half the population of the United States have access to a lottery. State lotteries are the third major revenue source for governments and now Montanans will have the opportunity to take advantage of this revenue enhancement source. With our present loss of jobs and critical tax revenues from our major industries of agriculture, lumbering, mining, and oil and gas production, the income generated from the Montana State Lottery will help offset these losses. In addition, the lottery will provide jobs for the private sector through the additional income generated from commission sales.

Purchasing a lottery ticket is a voluntary act which helps brighten Montana's financial future and at the same time gives the people some entertainment. Montanans want and should have an opportunity to act on their right to voluntarily participate or not. Vote yes on Legislative Referendum 100 to approve the Montana State Lottery.

Rebuttal of Argument Against Legislative Referendum No. 100

The opponents to the Montana Lottery (Legislative Referendum 100) claim that in the name of the Lottery the state can promote any form of casino gambling. This is simply not true.

The truth is that the Lottery law itself specifically guards against this in Section 2 (3) (a) and (b) that the state lottery may not operate a slot machine or carry on any form of gambling prohibited by the laws of this state; or carry on any form of gambling permitted by the laws of this state but which is not a lottery game within the scope of this section and within the definition of "lottery game".

The Lottery in Montana, based on all valid statistics and experience, will produce $10 million and this is money which would not otherwise be received and is voluntarily contributed.

The Montana State Lottery is a grass roots effort with a tax reduction program directly benefiting the people who make the final decision. Lottery ticket purchases are voluntary; if you don't play, you don't pay.

The 24 states that currently have a lottery have been successful in generating monies to ease the tax burden of their citizens. The lottery can provide needed cash for Montana projects that would otherwise add to the burden of our taxpayers. **IN NOVEMBER, VOTE YES ON LEGISLATIVE REFERENDUM 100 TO ESTABLISH THE MONTANA STATE LOTTERY.**

These Arguments Prepared by: Senator Lawrence G. (Larry) Stimatz, Butte; Representative Robert J. (Bob) Pavlovich, Butte; and Murdo Campbell, Helena.

HOW THE ISSUE WILL APPEAR ON THE BALLOT:

LEGISLATIVE REFERENDUM NO. 100

FISCAL NOTE

THIS MEASURE WOULD GENERATE APPROXIMATELY $2.9 MILLION DURING A NORMAL OPERATING YEAR. THIS REVENUE WILL BE DISTRIBUTED FOR PUBLIC SCHOOL RETIREMENT EQUALIZATION AID TO REDUCE MANDATORY PROPERTY TAX LEVIES. IT WILL TAKE 8 MONTHS FOR A LOTTERY TO BE FULLY OPERATIONAL AFTER THE MEASURE IS APPROVED.

☐ FOR establishing a state lottery.

☐ AGAINST establishing a state lottery.

NOTE: The ballot title was written by the Legislature and the explanatory statement was written by the Attorney General as required by state law. The complete text of Legislative Referendum No. 100 appears on pages 17 - 20.

Argument Against Legislative Referendum No. 100

If you think the proposed Lottery is to be a simple weekly or monthly drawing of a ticket stub from a big pot, you are sadly mistaken. Read the definition of "Lottery" given in Section 3, paragraph 4 of the referendum:

> "Lottery game means any procedure, including on-line or other procedure using a machine or electronic device . . . but is not limited to weekly (or other longer time period) winner games, instant winner games, daily number games, and sports pool games . . . "

In the name of the "lottery" the state can promote any form of gambling that any casino could employ in Montana. If this lottery referendum passes, the state of Montana will no longer simply allow gambling; the state will promote gambling. And this is a crucial change of our tradition.

We do not want Montana to be in the business of promoting gambling. Good government and gambling don't mix!

A Lottery in Montana would follow the same pattern of other state operated lotteries. They usually begin with some form of weekly drawing. Because of the novelty, any individuals who do not usually gamble are attracted and try it. As the novelty wears off, and as most people continue to lose, the amount of money generated declines. Another form of lottery is introduced, usually in "instant" form which involves a ticket with a rub-off square. Since almost everyone loses, interest again declines. Then, the lottery introduces some form of the "numbers", or player selection game. The bettor chooses some combination of numbers, and winners are selected on a daily basis. And this form of lottery is the only one that has sustained any momentum among the different forms of state-operated lotteries, the old numbers racket.

A Lottery would put state government in the position of advertising lottery games at public expense. Most of those enticed to play would always lose. The purpose of government is to protect citizens not exploit them. A strong Montana society is built on hard work, patience and sustained effort. In contrast lotteries sell fantasy values and take advantage of human weaknesses.

Property owners should not be misled to believe that lottery revenue will significantly reduce their taxes. Using revenue generated by the Maine state lottery as a basis for comparison, a Montana lottery would bring in enough revenue to reduce property taxes in our state by 1/2 of 1 percent.

A state lottery would be more trouble that it is worth. Legitimate business would lose the income which will go into lottery tickets instead of consumer goods. Wage earners can't spend the same money twice. The poorer people would lose proportionately much more than they can afford to in the state run sucker games. And the state will lose in terms of character of a new generation of citizens raised with the new gambling ethic. The "L" in Lottery stands for losers.

We don't have to allow it to happen here. Montana can be the state where the "Lotterization of America" is turned back.

Rebuttal of Argument For Legislative Referendum No. 100

So, for the price of a little voluntary entertainment Montanans can all reap a windfall in property tax relief. If you believe that there is a bridge you might want to consider buying in Brooklyn.

The games proposed in the referendum, like all gambling, would create no new wealth. They would simply transfer income from losers to winners with the state taking a rake-off. Those hurt most by losing would be low income families. The consistent big winners would be the manufacturers and marketers of the electronic and mechanical devices the state would buy or lease to conduct its gambling operations.

But what about tax relief? Proponents of Referendum 100 say their games will bring in $10 million to be used to relieve property taxes. The $10 million figure appears to be based on the experiences of "neighboring states" and on the assumption that Montanans would spend a yearly average of $50.00 per person on the state run games. We doubt that they would. Even if they were to do so, however, when applied to the total state property tax bill of $1.3 billion, $10 million would result in a property tax reduction of less that 8/10 of 1%.

What is being proposed to you in this referendum is the placing of state government directly in the business of gambling and the creation of a new bureaucracy for that purpose. The benefit would be tax relief almost too small to measure. Do you really think it's worth it?

These Arguments Prepared by: Senator Bob Brown, Whitefish; Representative John Harp, Kalispell; and George Harper, Helena.

INITIATIVE NO. 104

A LAW PROPOSED
BY INITIATIVE PETITION

OFFICIAL BALLOT TITLE AND Attorney General's Explanatory Statement

THIS INITIATIVE WOULD PROHIBIT THE STATE FROM REGULATING THE WHOLESALE, JOBBER, AND RETAIL PRICES OF MILK. THE STATE WOULD RETAIN THE POWER TO REGULATE THE PRICES AT WHICH MILK OWNED BY A PRODUCER IS SOLD IN BULK TO A DISTRIBUTOR. THE STATE WOULD LOSE SOME OF ITS POWER TO REGULATE THE PROCESSING, STORAGE, DISTRIBUTION, AND SALE OF MILK. JOBBERS DEALING IN MILK WOULD NO LONGER HAVE TO BE LICENSED BY THE STATE.

Argument For Initiative No. 104

When Montanans vote for I-104, the Milk Price Decontrol Act of 1986, they are voting for Montana dairy farmers and for lower milk prices in the grocery store.

I-104 would eliminate government authority to set minimum prices for milk at the wholesale, jobber, and retail levels. The Board of Milk Control would continue to set minimum prices at the farm level. This will ensure Montana dairy farmers of a fair price for their milk.

It is currently illegal to sell a gallon of whole milk for less than $2.55. There is no maximum price. States that do not control the wholesale and retail price of milk usually have regular retail prices 30¢ to 70¢ per gallon cheaper than Montana's minimum price. It is illegal for stores to put milk on sale in Montana. In other states, sale prices are very low, sometimes as low as $1.00 per gallon.

Of the 21 states which at one time controlled the wholesale or retail price of milk, 16 have decontrolled their milk prices. Studies have demonstrated that when milk prices are decontrolled, the price drops, and stays lower than before decontrol.

Many Montana dairy farmers are for I-104. Lower supermarket prices will allow them to sell more milk. Experience shows that milk consumption increases when prices are lower. With the exception of North Dakota, none of Montana's neighboring states control wholesale or retail prices, yet the dairy industry flourishes and consumers have a safe and adequate supply of milk at lower prices than Montana's.

In surrounding states, milk is available at prices 30¢ to 40¢ per gallon cheaper at the wholesale level than Montana's legal minimum. The Board of Milk Control cannot stop stores from buying this cheap out-of-state milk, and then selling it in Montana at our high controlled retail price. In order to preserve jobs, the Montana dairy industry needs the freedom to meet the competition from out-of-state milk. Wholesale and retail price controls are a detriment rather than a safeguard to the Montana milk industry.

Montana milk is currently shipped to Wyoming, where it is sold at a lower wholesale price than is legal in Montana. It is also sold at a lower retail price in Wyoming. The wholesalers manage to make a profit at these lower prices. A yes vote for I-104 will eliminate obsolete and detrimental price controls, and will allow Montana's milk consumers to share in the benefits of progress made in milk processing, transportation, and improved sales efficiencies.

Montana consumers pay millions of dollars in excess milk costs every year, money which consumers could keep if I-104 passes. That money, spent throughout Montana's economy would create new jobs. As it is, much of that money is sent out of state to corporate stockholders.

We urge you to vote for a healthy Montana economy, for lower milk prices and for Montana dairy farmers. Vote for I-104.

Thank you.

Rebuttal of Argument Against Initiative No. 104

I-104 was drafted with the help and advice of several Montana dairy farmers. On the advice of the Legislative Council, we have simplified some language and eliminated redundant sections of the old law. The fair trade rule concerning prices paid to producers simply restates what is already in the law. Section 4 authorizes the Board to set minimum prices. Sections 7 and 11 give the state the power to enforce minimum prices.

Wyoming and South Dakota have decontrolled their milk prices within the last several years. Since that time, the amount of milk produced in each state has increased, the number of distributors has not been greatly affected, independent jobbers continue to do business, and milk continues to be available in all parts of the state at lower prices than are legal in Montana.

A survey of milk prices in surrounding decontrolled states was conducted by an independent research group in July of 1986. They found the average supermarket price of one gallon of whole milk to be $2.06 in Idaho, $2.15 in South Dakota, and $2.21 in Wyoming.

The main opposition to I-104 is from a multi-billion dollar out-of-state corporation which controls 50% of the milk market in Montana, whose loyality is to it's corporate stockholders, not Montana's dairy industry.

I-104 has support from a Montana-based farmer cooperative with 74 member dairy farmers. In addition, many other Montana dairy farmers support I-104, including many of Beatrice's producers.

We again urge you to vote for I-104.

These Arguments Prepared by: Steve McGregor, Bozeman; Don Doig, Bozeman; and Delbert Kamerman, Manhattan.

HOW THE ISSUE WILL APPEAR ON THE BALLOT:

INITIATIVE NO. 104

FISCAL NOTE

GENERAL FUND REVENUES FROM ANNUAL LICENSING WILL NOT DECREASE SIGNIFICANTLY. IMPLEMENTATION OF THE MEASURE COULD INCREASE ASSESSMENTS AGAINST MILK PRODUCERS BY $89,050 PER YEAR. INCREASED COMPETITION MAY ELIMINATE SOME MONTANA PRODUCERS WHICH COULD AFFECT PROPERTY TAX REVENUES. THERE MAY BE COST-SAVINGS TO MONTANA INSTITUTIONS THAT PURCHASE MILK.

☐ FOR abolishing state regulation of the wholesale, jobber, and retail prices of milk.

☐ AGAINST abolishing state regulation of the wholesale, jobber, and retail prices of milk.

NOTE: The ballot title and explanatory statement was written by the Attorney General as required by state law. The complete text of Initiative No. 104 appears on pages 20 - 23.

Argument Against Initiative No. 104

This initiative proposed by the Libertarians and a few disgruntled dairy farmers in the Bozeman area, is another attempt to destroy the milk industry in Montana.

They say they have changed the proposal this time, and their proposed Initiative 104 will protect the dairy farmers and only decontrol prices at the jobber, wholesale and retail levels.

Nothing could be further from the truth. Initiative 104 repeals all the 'fair trade' rules promulgated by the Board of Milk Control, including the rule that makes it a violation of the law to pay dairy farmers less than the minimum price as fixed by the Board of Milk Control.

Initiative 104 also repeals the section of the law that includes the legislative findings that the milk industry "affected the public interest".

Without this provision in the law, the State of Montana will be without the authority to invoke the police power of the state and therefore, will loose the power to regulate the milk industry at any level including prices paid to dairy farmers.

By repealing jobber prices, it immediately puts 81 jobbers who are independent, small businessmen out of business. There are two reasons for this. One is that without having a price schedule that a jobber pays for milk he buys from a milk processor, he becomes unable to compete because he could be charged any price the traffic would bear, but he would have no protection at the wholesale or retail level and therefore, no margin to continue his operation.

Repeal of wholesale and retail prices would, within 60 to 90 days, eliminate the five independent, privately owned milk distributors who are left in Montana. With these five plants out of business, we lose 100 to 200 jobs. We also lose a market for approximately 70 dairy farmers who are so remotely located as to make it impractical or uneconomical to transport their milk to some other market. This would lose approximately another 140 jobs.

Montana is not by any stretch of the imagination a "dairy state". We have approximately 280 dairy farmers scattered around the state producing milk for approximately 800,000 people. These 800,000 people are scattered over 148,000 square miles or about 5 persons per square mile. This makes production and distributing difficult. Passage of Initiative 104 would eliminate service to most or all of the rural and remote areas of Montana. As a matter of fact, some of the sponsors of this initiative have already eliminated service to many areas who are now being served by jobbers or independent, privately owned dairies.

The legislature found years ago and have reconfirmed over the years that you cannot protect the dairy farmers price for his milk unless you can give his market (distributor) protection. Passage of Initiative 104 will eliminate at least half of our dairy farmers and all of the jobbers.

A large majority of the dairy farmers in Montana urge you to VOTE NO on Initiative 104 to protect a viable industry and the consumers of Montana.

Rebuttal of Argument For Initiative No. 104

When supporters of I-104 state that if it is passed it will bring lower prices is pure speculation. The chances are greater that a large segment of Montana consumers in remote areas or sparsely populated areas will pay more.

Supporters of I-104 allege prices in other states $.30 to $.70 per gallon less than prices in Montana. What they do not say is that those prices are weekend specials or price war prices and are not the prices usually encountered by consumers in other states.

Just because other states have decontrolled is no reason to decontrol the Milk Industry in Montana. What supporters of Initiative 104 do not tell you is that in states like California since decontrol, many processors and dairy farmers are now bankrupt.

The supporters of I-104 allege that stores in Montana can buy cheaper milk out-of-state and take advantage of consumers in Montana. That is one of the Prime functions of the Milk Control law to prevent those sort of practices.

Lastly and probably most important is the fact that I-104 is so poorly drafted and repeals the authority of Montana to exercise the "police power" that regulation of the Milk Industry at any level is doubtful at best and more likely impossible.

A majority of Montana's farmers and the Milk Industry in general, urges you to VOTE NO — ON I-104!!

These Arguments Prepared by: Senator Ted Neuman, Vaughn; Senator Ray Lybeck, Kalispell; K. M. Kelly, Helena; James L. Fleming, Kalispell; and George E. Schulze, Kalispell.

INITIATIVE NO. 105

A LAW PROPOSED
BY INITIATIVE PETITION

OFFICIAL BALLOT TITLE AND Attorney General's Explanatory Statement

THIS INITIATIVE WOULD PROVIDE THAT THE AMOUNT OF TAXES LEVIED ON PROPERTY CLASSES 3, 4, 6, 9, 12, AND 14 COULD NOT EXCEED THE AMOUNTS LEVIED ON THOSE CLASSES OF PROPERTY FOR THE TAXABLE YEAR 1986. THE ACT WOULD TAKE EFFECT ON July 1, 1987, UNLESS PRIOR TO THAT DATE THE LEGISLATURE PASSED AN ACT LOWERING TAXES ON THE ABOVE LISTED CLASSES OF PROPERTY AND ESTABLISHING ALTERNATIVE REVENUE SOURCES.

Argument For Initiative No. 105

Initiative 105 was proposed to help balance our state and local tax system. Montana relies too much on property taxes and not enough on other sources of revenue. The Billings Gazette recently reported that, as a percentage of income, Montana taxpayers pay the second highest amount of property taxes in the nation. Initiative 105 deals with this imbalance by limiting total property taxes next year to this year's level.

Initiative 105 is fair. It allows the legislature time to identify alternative sources of revenue before taxes on certain classes of property are frozen.

Initiative 105 should not threaten public services. The sponsors of Initiative 105 have children in our public schools and universities. We support public education and local government services. But we oppose further increases in property taxes.

Initiative 105 will stop the significant property tax hikes experienced in recent years. Over the past six years, property taxes in Montana have risen more than 50%.

Increases in property taxes harm business opportunities in Montana. A more balanced approach to taxation will enhance the attractiveness of Montana for job-creating businesses. Passage of Initiative 105 should improve our state's business climate, thus resulting in greater employment.

Initiative 105 is a sensible approach to tax policy. It forces the Legislature to face the reality of an unbalanced tax system that fails to produce adequate revenues to fund government.

In conclusion, Initiative 105 is designed to improve Montana's economy by freezing property taxes, providing balance to our tax system, generating alternative forms of revenues to fund public services, and stimulating economic development and job creation.

Rebuttal of Argument Against Initiative No. 105

Initiative 105 requires that property taxes be frozen at their 1986 level on residential, main street small business property and on agricultural property if the 1987 Legislature fails to take action to reduce property taxes and provide alternative sources of revenue for local governments.

Although Initiative 105 does not name every class of property, its intent is certainly not to have anyone's taxes increased. If the taxes on classes of property not named in Initiative 105 are increased it will be another poor decision by the Legislature, not the Initiative. The Legislature must be forced to place tax reform at the top of the list of issues to be addressed by the 1987 session.

The Equal Protection Clause allows property to be placed in separate classes and taxed at different rates. Initiative 105 would continue to treat property within each class the same and, therefore, does not conflict with the Equal Protection Clause.

Montana's property taxes on all classes of property must be decreased in order to improve the business climate. The Legislature is the proper body to accomplish this goal. The passage of Initiative 105 will send a clear message to our Legislative bodies that the voters of Montana favor reform of our tax structure. Only by sending such a clear message will the Legislature feel obligated to address the problem with reason and analysis.

Passage of Initiative 105 will force the Legislature to address the problems of taxation in Montana and arrive at a proper solution.

These Arguments Prepared by: Gary Buchanan, Billings; George Anderson, Helena; and R. Stephen Browning, Helena.

HOW THE ISSUE WILL APPEAR ON THE BALLOT:

INITIATIVE NO. 105

FISCAL NOTE

THIS MEASURE WOULD REDUCE STATEWIDE PROPERTY TAX COLLECTIONS BY APPROXIMATELY $30 MILLION DURING THE 1988-89 BIENNIUM FOR PROPERTY IN PROTECTED CLASSES. ALTERNATELY, UNPROTECTED PROPERTY MAY PAY INCREASED TAXES AND/OR GOVERNMENT SERVICES MAY BE REDUCED.

☐ FOR limiting certain property taxes to 1986 levels unless the legislature reduces property taxes prior to July 1, 1987, and establishes alternative revenue sources.

☐ AGAINST limiting certain property taxes to 1986 levels unless the legislature reduces property taxes prior to July 1, 1987, and establishes alternative revenue sources.

NOTE: The ballot title and explanatory statement was written by the Attorney General as required by state law. The complete text of Initiative No. 105 appears on page 23.

Argument Against Initiative No. 105

Overall tax reform in Montana is overdue. Without question this reform should include some type of property tax consideration. Initiative No. 105, however, is simply the wrong vehicle to achieve that goal for a number of reasons.

The legislature is the appropriate body to make and revise tax policy. The proponents of Initiative 105 admit this in their "policy" statement. The tax structure of Montana is intricate and complex and should be altered only with full debate and careful consideration of the impact on other tax revenue. The tax structure can aptly be compared to a line of dominos — topple one and all others are affected.

The legislature should be allowed to act and deliberate without mandated restrictions. Initiative 105 requires the legislature to react in a certain manner or the initiative will take effect. In reacting to this coercion the legislature, under pressure, may well enact legislation which could worsen the overall tax situation.

If enacted, the initiative itself will not freeze all property taxes at 1986 levels. The initiative excludes property in classes 1, 2, 5, 7, 8, 10, 11, 13, 15, 16, 17 and 18 from the freeze. Taxes will be allowed to increase on such property as agricultural equipment, aircraft, boats, and timber land, to name a few. These taxpayers whose property taxes are not frozen will be forced to pay more to make up the deficit. This concept is in direct conflict with the equal protection clause of the U. S. and Montana Constitutions.

Finally, tax reform must come in Montana. It must be arrived at by way of reason and analysis with a full understanding of the short term and long term implications for the taxpaying public.

WE APPEAL TO THE VOTERS TO DEFEAT THIS INITIATIVE AND ALLOW OUR ELECTED REPRESENTATIVES TO TAKE A REASONED APPROACH TO A PROBLEM IN WHICH ALL MONTANANS SHARE.

Rebuttal of Argument For Initiative No. 105

Again, no one argues that something should be done about tax reform in Montana. Initiative 105, however, is simply not the appropriate way to address the problem. Contrary to what the sponsors suggest Initiative 105 will not freeze all property taxes at the 1986 levels. The classes of property which will be frozen and the classes of property which will be exempt has been determined by the sponsors of Initiative 105.

The sponsors of Initiative 105 give no facts to support their claim that passage of this initiative will improve Montana's business climate. We believe that comprehensive tax reform is more likely to improve the business climate than is this piecemeal approach.

Further, the sponsors of Initiative 105 fail to point out that passage of the initiative will place a cap on school district levies. This is one of the few areas where people can directly vote to impose additional taxes. Initiative 105 would hinder the public's ability to fund local education at the level the public feels is appropriate.

Tax reform is necessary and overdue. However, it should be undertaken, only after a well-reasoned review of the entire tax structure and not by a selective freeze on certain types of property.

In conclusion, THE PROPER PLACE FOR TAX REFORM IS IN THE MONTANA LEGISLATURE which can give full consideration to all the complex provisions of the state tax system. We urge you, the voters, to vote NO on Initiative 105.

These Arguments Prepared by: Bob Watt, Missoula; Linda Skaar, Helena; Delane Beach, Baker; Gordon Morris, Helena; and Charles E. Erdmann, Helena.

Complete Text of CONSTITUTIONAL AMENDMENT NO. 15

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

Section 1. Article II, section 14, of the Constitution of the State of Montana is amended to read:

"Section 14. Adult rights. A person 18 years of age or older is an adult for all purposes, except that the legislature or the people by initiative may establish the legal age for purchasing, consuming, or possessing alcoholic beverages."

Section 2. Effective date. If approved by the electorate, this amendment becomes effective January 1, 1987.

Section 3. Submission to electorate. This amendment shall be submitted to the electors of the State of Montana at the general election held in November 1986 by printing on the ballot the full title of this act and the following:

FOR removing the legal drinking age of 19 years from the constitution and allowing the legal drinking age to be established by statute or initiative.

AGAINST removing the legal drinking age of 19 years from the constitution and allowing the legal drinking age to be established by statute or initiative.

Complete Text of CONSTITUTIONAL AMENDMENT NO. 16

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

Section 1. Repealer. Article XIII, section 3, of the Constitution of the State of Montana is repealed.

Section 2. Submission to electorate. This amendment shall be submitted to the electors of Montana at the general election to be held November 4, 1986, by printing on the ballot the full title of this act and the following words:

FOR abolishing the Montana salary commission.

AGAINST abolishing the Montana salary commission.

Complete Text of CONSTITUTIONAL INITIATIVE NO. 27

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MONTANA:

Section 1. Article VIII, Section 7, of the Constitution of the State of Montana is amended to read:

"Section 7. Tax appeals. The legislature shall provide independent appeal procedures for taxpayer grievances about ~~appraisals, assessments, equalization, and~~ taxes. The legislature shall include a review procedure at the local government unit level."

Section 2. Article VIII, of the Constitution of the State of Montana is amended by adding a new section to read:

"Section 15. Certain taxes prohibited -- certain tax changes only by referendum or initiative. No tax shall be imposed on any real or personal property. The establishment of a sales tax, or the increase of sales tax or personal income tax shall be accomplished only by referendum of the legislature with the approval of a majority of the qualified electors or initiative of the people."

Section 3. Article XII, Section 1, of the Constitution of the State of Montana is amended to read:

"Section 1: Agriculture. (1) The legislature shall provide for a Department of Agriculture and enact laws and provide appropriations to protect, enhance, and develop all agriculture. ~~(2) Special levies may be made on livestock and on agricultural commodities for disease control and indemnification, predator control, and livestock and commodity inspection, protection, research, and promotion. Revenue derived shall be used solely for the purposes of the levies.~~"

Section 4. Article VIII, Sections 3, 4, and 5, of the Constitution of the State of Montana are repealed.

~~"Section 3. Property tax administration. The state shall appraise, assess, and equalize the valuation of all property which is to be taxed in the manner provided by law.~~

~~Section 4. Equal valuation. All taxing jurisdictions shall use the assessed valuation of property established by the state.~~

~~Section 5. Property tax exemptions. (1) The legislature may exempt from taxation. (A) Property of the United States, the state, counties, cities, towns, school districts, municipal corporations, and public libraries, but any private interest in such property may be taxed separately. (B) Institutions of purely public charity, hospitals and places of burial not used or held for private or corporate profit, places for actual religious worship, and property used exclusively for educational purposes. (C) Any other classes of property. (2) The legislature may authorize creation of special improvement districts for capital improvements and the maintenance thereof. It may authorize the assessment of charges for such improvements and maintenance against tax-exempt property directly benefited thereby.~~"

Complete Text of CONSTITUTIONAL INITIATIVE NO. 30

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MONTANA:

Section 1. Article II, section 16, of the Constitution of the State of Montana is amended to read:

"Section 16. The administration of justice. (1) Courts of justice shall be open to every person, and speedy remedy afforded for ~~every~~ injury of person, property, or character. Right and justice shall be administered without sale, denial, or delay.

(2) No person shall be deprived of this full legal redress for injury incurred in employment for which another person may be liable except as to fellow employees and his immediate employer who hired him if such immediate employer provides coverage under the Workmen's Compensation Laws of this state. ~~Right and justice shall be administered without sale, denial, or delay.~~

(3) This section shall not be construed as a limitation upon the authority of the legislature to enact statutes establishing, limiting, modifying, or abolishing remedies, claims for relief, damages, or allocations of responsibility for damages in any civil proceeding; except that any express dollar limits on compensatory damages for actual economic loss for bodily injury must be approved by a 2/3 vote of each house of the legislature.

Section 2. Effective Date. This amendment is effective on approval of the electorate."

Complete Text of LEGISLATIVE REFERENDUM NO. 100

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

Section 1. Short title. [Sections 1 through 20] may be cited as the "Montana State Lottery Act of 1985".

Section 2. Purpose (1) The purpose of [sections 1 through 20] is to allow lottery games in which the player purchases from the state, through the administrators of the state lottery, a chance to win a prize. [Sections 1 through 20] do not allow and may not be construed to allow any game in which a player competes against or plays with any other person, including a person employed by an establishment in which a lottery game may be played.

(2) The administration and construction of [sections 1 through 20] must comply with Article III, section 9, of the Montana constitution, which mandates that all forms of gambling are prohibited unless authorized by acts of the legislature or by the people through initiative or referendum. Therefore, [sections 1 through 20] must be strictly construed to allow only those games that are within the scope of this section and within the definition of "lottery game".

(3) The state lottery may not:

(a) operate a slot machine or carry on any form of gambling prohibited by the laws of this state; or

(b) carry on any form of gambling permitted by the laws of this state but which is not a lottery game within the scope of this section and within the definition of "lottery game".

Section 3. Definitions. As used in [sections 1 through 20], the following definitions apply:

(1) "Commission" means the state lottery commission created by [section 4].

(2) "Director" means the director appointed by the governor under [section 6] to administer and manage the state lottery.

(3) "Lottery" or "state lottery" means the Montana state lottery created and operated pursuant to [sections 1 through 20].

(4) "Lottery game" means any procedure, including any on-line or other procedure using a machine or electronic device, by which one or more prizes are distributed among persons who have paid for a chance to win a prize and includes but is not limited to weekly (or other, longer time period) winner games, instant winner games, daily numbers games, and sports pool games, except games prohibited by Title 23, chapter 5, part 1; lotteries prohibited by Title 23, chapter 5, part 2; card games regulated by Title 23, chapter 5, part 3; raffles and bingo games governed by Title 23, chapter 5, part 4; and sports pools governed by Title 23, chapter 5, part 5.

Section 4. State lottery commission — allocation — composition — compensation — quorum. (1) There is a state lottery commission.

(2) The commission consists of five members, who shall reside in Montana, appointed by the governor.

(3) At least one commissioner must have 5 years of experience as a law enforcement officer. At least one commissioner must be an attorney admitted to the practice of law in Montana. At least one commissioner must be a certified public accountant licensed in Montana.

(4) After initial appointments, each commissioner shall be appointed to a 4-year term of office, and the terms shall be staggered.

(5) A commissioner may be removed by the governor for good cause. An office that for any reason becomes vacant must be filled within 30 days by the governor, and the commissioner filling the vacancy shall serve for the rest of the unexpired term.

(6) The commission shall elect one of its members as chairman.

(7) Three or more commissioners constitute a quorum to do business, and action may be taken by a majority of a quorum.

(8) Commissioners are entitled to compensation, to be paid out of the state lottery fund, at the rate of $50 for each day in which they are engaged in the performance of their duties and are entitled to travel, meals, and lodging expenses, to be paid out of the state lottery fund, as provided for in Title 2, chapter 18, part 5.

(9) The commission is allocated to the department of commerce for administrative purposes only as prescribed in 2-15-121.

Section 5. Powers and duties of commission. The commission shall:

(1) establish and operate a state lottery and may not become involved in any other gambling or gaming;

(2) determine policies for the operation of the state lottery, supervise the director and his staff, and meet with the director at least once every 3 months to make and consider recommendations, set policies, determine types and forms of lottery games to be operated by the state lottery, and transact other necessary business;

(3) determine the price of each ticket or chance and the number and size of prizes;

(4) provide for the conduct of drawings of winners of lottery games;

(5) carry out, with the director, a continuing study of the state lotteries of Montana and other states to make the state lottery more efficient, profitable, and secure from violations of the law;

(6) study the possibility of working with other lottery states to offer regional lottery games;

(7) prepare quarterly and annual reports on all aspects of the operation of the state lottery, including but not limited to types of games, gross revenue, prize money paid, operating expenses, net revenue to the state, contracts with gaming suppliers, and recommendations for changes to [sections 1 through 20], and deliver a copy of each report to the governor, the department of administration, the legislative auditor, the president of the senate, the speaker of the house of representatives, and each member of the appropriate committee of each house of the legislature as determined by the president of the senate and the speaker of the house; and

(8) adopt rules necessary to carry out [sections 1 through 20].

Section 6. Director — appointment — compensation — qualifications. (1) The director must be appointed by the governor and shall hold office at the pleasure of the governor.

(2) The director must be qualified by training and experience to direct the state lottery. He must be a full-time employee and may not engage in any other occupation.

(3) The director's salary is equal to 90% of the salary of the director of the department of commerce.

Section 7. Powers and duties of director. (1) The director shall:

(a) administer the operation of the state lottery in accordance with [sections 1 through 20] and the rules and other directives of the commission;

(b) appoint an assistant director for security and employ and direct personnel necessary to the operation of the state lottery;

(c) license lottery ticket or chance sales agents and suspend or revoke licenses pursuant to [sections 1 through 20] and commission rules; and

(d) maintain, with the assistant director for security, the security of the state lottery.

(2) With the concurrence of the commission or pursuant to commission rules, the director may enter into contracts for materials, equipment, and supplies to be used in the operation of the state lottery, for the design and installation of games, for consultant services, and for promotion of the lottery. All contracts must be made in accordance with state law. No contract is legal or enforceable that provides for the management of the state lottery or for the entire operation of its games by any private person or firm. When a contract is awarded, a performance bond satisfactory to the commission and executed by a surety company authorized to do business in this state or otherwise secured in a manner satisfactory to the commission, in an amount equal to the price of the contract, must be delivered to the commission.

Section 8. Assistant director for security — qualifications — duties. (1) The director shall appoint an assistant director for security.

(2) The assistant director for security must be qualified by training and experience, have at least 5 years of law enforcement experience, and be knowledgeable and experienced in computer security.

(3) The assistant director for security shall:

(a) be responsible for a security division to assure security, honesty, fairness, and integrity in the operation and administration of the lottery, including but not limited to an examination of the background of all prospective employees, ticket or chance sales agents, lottery vendors, and lottery contractors. The security division is designated a law enforcement agency for the purpose of administering [sections 1 through 20].

(b) in conjunction with the director, confer with the attorney general or his designee to promote and ensure security, honesty, fairness, and integrity of the operation and administration of the lottery; and

(c) in conjunction with the director, report any alleged violation of law to the attorney general, the legislative auditor, and any other appropriate law enforcement authority for further investigation and action.

Section 9. Ticket or chance sales agents — licenses. (1) Lottery tickets or chances may be sold only by ticket or chance sales agents licensed by the director in accordance with this section.

(2) The commission shall by rule determine the places at which state lottery game tickets or chances may be sold.

(3) (a) Before issuing a license, the director shall consider:

(i) the financial responsibility and security of the applicant and his business or activity;

(ii) the accessibility of his place of business or activity to the public; and

(iii) the sufficiency of existing licenses to serve the public convenience and the volume of the expected sales.

(b) No person under 18 years of age may sell lottery tickets or chances.

(c) A license as an agent to sell lottery tickets or chances may not be issued to any person to engage in business exclusively as a lottery ticket or chance sales agent.

(4) The director may issue temporary licenses upon conditions he considers necessary.

(5) License applicants shall pay a $50 fee to cover the cost of investigating and processing the application.

(6) The director may require a bond from any licensed agent in an amount provided in the commission's rules and may purchase a blanket bond covering the activities of licensed agents.

(7) A licensed agent shall display his license or a copy thereof conspicuously in accordance with the commission's rules.

(8) A license is not assignable or transferable.

(9) No employee of a ticket or chance sales agent may be required to sell lottery game tickets or chances if the sale is against his religious or moral beliefs.

(10) Sales agents are entitled to no more than a 5% commission on tickets and chances sold.

(11) Each sales agent shall keep a complete and up-to-date set of records and accounts fully showing his sales and provide it for inspection upon request of the commission, the director, the department of commerce, the office of the legislative auditor, or the office of the attorney general.

(12) Sales agents may pay the state lottery only by check, bankdraft, electronic fund transfer, or other recorded, noncash, financial transfer method as determined by the director.

(13) A license may be suspended or revoked for failure to maintain the license qualifications provided in subsection (3) or for violation of any provision of [sections 1 through 20] or a commission rule. Prior to suspension or revocation, the licensee must be given notice and an opportunity for a hearing.

Section 10. Sales restrictions. (1) The price of each lottery game ticket or chance must be clearly stated thereon. The price of a lottery game chance vended by a machine or electronic device must be clearly stated on the machine or device.

(2) Tickets and chances may not be sold to or purchased by persons under 18 years of age.

(3) Tickets and chances must be paid for in cash.

(4) Tickets and chances may not be sold to or purchased by commissioners, the director, his staff, gaming suppliers doing business with the state lottery, suppliers' officers and employees, employees of any firm or governmental agency auditing or investigating the state lottery, or members of their families living with them.

(5) The names of elected officials may not appear on any ticket or chance.

Section 11. Disclosure of odds. The director shall make adequate disclosure of the odds with respect to each state lottery game by stating the odds in lottery game advertisements and by posting the odds at each place in which tickets or chances are sold.

Section 12. State lottery fund. There is a fund of the enterprise fund type, as defined in 17-2-102, to be known as the state lottery fund. The gross revenue from the state lottery, consisting of money from the sale of lottery tickets and chances, ticket or chance sales agent license fees, unclaimed prizes, or any other source, must be deposited in the fund, except that, at the discretion of the director, money for prizes paid immediately by a sales agent and money equaling the sales agent's commission may be drawn by a sales agent from his gross revenue before depositing his gross revenue with the state lottery.

Section 13. Disposition of revenue. (1) As near as possible to 45% of the money paid for tickets or chances in each separate state lottery game must be paid out as prize money for the game.

(2) Up to 15% of the gross revenue from the state lottery may be used by the director to pay the operating expenses of the state lottery. Commissions paid to lottery ticket or chance sales agents are a state lottery operating expense.

(3) That part of all gross revenue not used for the payment of prizes and operating expenses is net revenue and must be paid quarterly from the enterprise fund established by [section 12] to the superintendent of public instruction for distribution as equalization aid to the retirement funds required by 20-9-501. [The net revenue is statutorily appropriated, as provided in [section 2 of House Bill 12].] The superintendent of public instruction shall establish the dollar amount per ANB by dividing the net lottery revenue for the school year by the total state ANB in the prior school year. He shall then notify each county superintendent by the fourth Monday of July of the total retirement fund equalization aid available to the county, as calculated separately for elementary and high school districts using the prior year's ANB and prorated as specified in 20-9-501(6) for any joint school district, and each county superintendent must use such amounts to reduce the total retirement fund levy requirement for elementary school districts and the total retirement fund levy requirement for high school districts. The superintendent of public instruction shall then distribute by state warrant the total amount of retirement fund equalization aid for each county by October 1 of the school fiscal year.

Section 14. Felony and gambling-related convictions — ineligibility for lottery positions. No person who has been convicted of a felony or a gambling-related offense under federal law or the law of any state may be a commissioner, director, assistant director, employee of the state lottery, or licensed ticket or chance sales agent. Prior to appointment to any such position, a person shall submit to the commission a full set of fingerprints made at a law enforcement agency by an agent or officer of such agency on forms supplied by the agency.

Section 15. Conflict of interest. No commissioner, director, assistant director, state lottery employee, licensed ticket or chance sales agent, or member of his family living with him may have a financial interest in any gaming supplier or any contract between the state lottery and a gaming supplier or accept any gift or thing of value from a gaming supplier.

Section 16. Drawings for and payment of prizes — unclaimed prizes. (1) All drawings must be held in public. The selection of winning tickets may not be performed by an employee of the lottery or by a member of the commission. All drawings must be witnessed by a professional staff employee of the legislative auditor's office, and all lottery drawing equipment used in public drawings to select winning prizes or participants for prizes must be examined by the director's staff and a professional staff employee of the legislative auditor's office prior to and after each public drawing.

(2) The commission may provide for the immediate payment of prizes by the ticket or chance sales agent who sold the winning

ticket or chance whenever the amount of the prize is less than an amount set by commission rule. Payment may not be made directly by a machine or device or by a computer terminal.

(3) Prizes over $100,000 may in the discretion of the commission be paid either in one lump sum or in equal yearly installments without interest over a period of not more than 10 years, except that each installment payment must be at least $20,000.

(4) Prizes not claimed within 6 months are forfeited and must be paid into the state lottery fund. No interest is due on a prize when a claim is delayed but made within 6 months.

(5) The right to a prize is not assignable, but prizes may be paid to a deceased winner's estate or to a person designated by judicial order.

Section 17. Disclosures by gaming suppliers. (1) Any person, firm, association, or corporation that submits a bid or proposal for a contract to supply lottery equipment, tickets, or other material or consultant services for use in the operation of the state lottery shall disclose at the time of such bid or proposal:

(a) the supplier's business name and address and the names and addresses of the following:

(i) if the supplier is a partnership, all of the general and limited partners;

(ii) if the supplier is a trust, the trustee and all persons entitled to receive income or benefit from the trust;

(iii) if the supplier is an association, the members, officers, and directors;

(iv) if the supplier is a corporation, the officers, directors, and each owner or holder, directly or indirectly, of any equity security or other evidence of ownership of any interest in the corporation; except that, in the case of owners or holders of publicly held equity securities of a publicly traded corporation, only the names and addresses of those owning or holding 5% or more of the publicly held securities must be disclosed;

(v) if the supplier is a subsidiary company, each intermediary company, holding company, or parent company involved therewith and the officers, directors, and stockholders of each; except that, in the case of owners or holders of publicly held securities of an intermediary company, holding company, or parent company which is a publicly traded corporation, only the names and addresses of those owning or holding 5% or more of the publicly held securities must be disclosed;

(b) if the supplier is a corporation, all the states in which the supplier is authorized to do business and the nature of that business;

(c) other jurisdictions in which the supplier has contracts to supply gaming materials, equipment, or consultant services;

(d) the details of any conviction, state or federal, of the supplier or any person whose name and address are required by subsection (1)(a) of a criminal offense punishable by imprisonment for more than 1 year and shall submit to the commission a full set of fingerprints of such person made at a law enforcement agency by an agent or officer of such agency on forms supplied by the agency;

(e) the details of any disciplinary action taken by any state against the supplier or any person whose name and address are required by subsection (1)(a) regarding any matter related to gaming consultant services or the selling, leasing, offering for sale or lease, buying, or servicing of gaming materials or equipment;

(f) audited annual financial statements for the preceding 5 years;

(g) a statement of the gross receipts realized in the preceding year from gaming consultant services and the sale, lease, or distribution of gaming materials or equipment to states operating lotteries and to private persons licensed to conduct gambling, differentiating that portion of the gross receipts attributable to transactions with states operating lotteries from that portion of the gross receipts attributable to transactions with private persons licensed to conduct gambling;

(h) the name and address of any source of gaming materials or equipment for the supplier;

(i) the number of years the supplier has been in the business of supplying gaming consultant services or gaming materials or equipment; and

(j) any other information, accompanied by any documents the commission by rule may reasonably require as being necessary or appropriate in the public interest to accomplish the purposes of [sections 1 through 20].

(2) No person, firm, association, or corporation contracting to supply gaming equipment or materials or consultant services to the state for use in the operation of the state lottery may have any financial interest or connection with any person, firm, association, or corporation licensed as a ticket or chance sales agent.

(3) No contract for supplying consultant services or gaming materials or equipment for use in the operation of the state lottery is enforceable against the state unless the requirements of this section have been fulfilled.

Section 18. Annual audit. The legislative auditor shall conduct an annual audit of the state lottery. The costs of the audit must be paid out of the state lottery fund. A copy of the audit report must be delivered to the commission, the director, the governor, the president of the senate, the speaker of the house of representatives, and each member of the appropriate committee of each house of the legislature as determined by the president of the senate and the speaker of the house.

Section 19. Audit of lottery security. (1) After the first 9 months of sales to the public and every 2 years after that, the office of the legislative auditor shall conduct or have conducted a comprehensive audit of all aspects of security in the operation of the lottery. The costs of the audit are a state lottery operating expense and must be paid out of the state lottery fund. The audit must include:

(a) personnel security;

(b) lottery sales agent security;

(c) lottery contractor security;

(d) security of manufacturing operations of lottery contractors;

(e) security against ticket or chance counterfeiting and alteration and other means of fraudulently winning;

(f) security of drawings among entries or finalists;

(g) computer security;

(h) data communications security;

(i) database security;

(j) systems security;

(k) lottery premises and warehouse security;

(l) security in distribution;

(m) security involving validation and payment procedures;

(n) security involving unclaimed prizes;

(o) security aspects applicable to each particular lottery game;

(p) security of drawings in games whenever winners are determined by drawings;

(q) the completeness of security against locating winners in lottery games with preprinted winners by persons involved in their production, storage, distribution, administration, or sales; and

(r) any other aspects of security applicable to any particular lottery game and to the lottery and its operations.

(2) The security audit report must be presented to the commission, the director, the governor, the president of the senate, and the speaker of the house of representatives.

Section 20. Penalties. It is a misdemeanor, punishable by a fine not to exceed $500 or imprisonment in the county jail for a term not to exceed 6 months, or both, to knowingly or purposely:

(1) require an employee to sell lottery tickets or chances in violation of [section 9(9)];

(2) violate [section 9(11)];

(3) sell a lottery ticket or chance to a person under 18 years of age;

(4) violate [subsection (3) or (4) of section 10];

(5) serve as a commissioner, director, assistant director, employee, or licensed agent of the state lottery in violation of [section 14];

(6) violate [section 15];

(7) violate [section 17]; or

(8) influence the winning of a prize through the use of coercion, fraud, deception, or tampering with lottery equipment or materials.

Section 21. Section 23-5-202, MCA, is amended to read:

"23-5-202. Application. This part shall not apply to the provisions of part 4 of this chapter, to [sections 1 through 20], or to the giving away of cash or merchandise attendance prizes or premiums by public drawings at agricultural fairs or rodeo associations in this state, and the county fair commissioners of agricultural fairs or rodeo associations in this state may give away at such fairs cash or merchandise attendance prizes or premiums by public drawings."

Section 22. Initial appointment and terms of commissioners. Initial appointments to the commission must be made within 30 days after [the effective date of sections 1 through 25]. Two of the initial appointees shall serve for 2 years, two shall serve for 3 years, and one shall serve for 4 years.

Section 23. Initial duties of commission — lottery study — first game. (1) The commission shall immediately conduct an initial study of other state lotteries.

(2) The commission shall begin the operation of state lottery games at the earliest practicable time and in any event no later than July 1, 1987.

Section 24. Temporary state treasury line of credit for expense of starting state lottery. There is a temporary line of credit that may be drawn by the director of the state lottery from the state general fund and deposited in the state lottery fund, in the amount of $1,500,000. This temporary line of credit may be drawn upon only during the first 12 months after the effective date of [sections 1 through 20] and only for the purpose of financing the initial expenses of starting the state lottery. The director may draw upon all or part of this temporary line of credit. Any funds advanced under the temporary line of credit must be repaid out of the lottery's net revenue to the general fund within 1 year of the advance, and no net revenue may be paid out under [section 13(3)] until all advanced funds are repaid. Interest must be paid at an annual simple interest rate of 10% on funds advanced, commencing on the day funds are advanced and until the funds are repaid.

Section 25. Severability. If a part of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

Section 26. Effective date. (1) If approved by the electorate, sections 1 through 25 of this act are effective January 1, 1987.

(2) This section and section 27 are effective on passage.

Section 27. Submission to electorate. The question whether sections 1 through 25 of this act will become effective shall be submitted to the electors of the State of Montana at the general election to be held in November 1986 by printing on the ballot the full title of this act and the following:

FOR establishing a state lottery.

AGAINST establishing a state lottery.

Complete Text of INITIATIVE NO. 104

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MONTANA:

New Section. Section 1. Short title. [Sections 1 through 4] may be cited as "The Milk Price Decontrol Act of 1986".

New Section. Section 2. Definitions. (1) Unless the context requires otherwise, in [sections 1 through 4] the following definitions apply:

(a) "Board" means the board of milk control provided for in 2-15-1802.

(b) "Class I milk" includes all bottled or packaged milk, low fat, buttermilk, chocolate milk, whipping cream, commercial cream, half-and-half, skim milk, fortified skim milk, skim milk flavored drinks, and any other fluid milk not specifically classified in this section or by the department under subsection (2) of this section, whether raw, pasteurized, homogenized, sterile, or aseptic.

(c) "Class II milk" includes milk used in the manufacture of ice cream and ice cream mix, ice milk, sherbet, eggnog, sour cream, cottage cheese, condensed milk, and powdered skim for human consumption.

(d) "Class III milk" includes milk used in the manufacture of butter, cheddar cheese, process cheese, livestock feed, powdered skim other than for human consumption, and skim milk dumped.

(e) "Consumer" means a person or agency, other than a dealer, purchasing milk for consumption or use.

(f) "Cooperative association" means an organization of dairy farmers incorporated as a cooperative association under the laws of the State of Montana or any other state and owned collectively by its member producers for whom it markets milk.

(g) "Dealer" means a distributor or producer-distributor.

(h) "Department" means the department of commerce provided for in 2-15-1801.

(i) "Distributor" means a person purchasing milk from any source, either in bulk or in packages, and distributing it for consumption in this state.

(j) "Licensee" means a person who holds a license from the department.

(k) "Market" means an area of the state designated by the department as a natural marketing area.

(l) "Milk" means the lacteal secretion of a dairy animal including raw and cooled secretions, whether pasteurized, standardized, homogenzied, recombined, concentrated fresh, or otherwise processed, that is designated as grade A by a duly constituted health authority, and also includes secretions in any manner rendered sterile or aseptic, whether or not they are regulated by any health authority of this or any other state or nation.

(m) "Person" means a person, firm, corporation, or cooperative association.

(n) "Producer" means a person who produces milk for consumption in this state and sells it to a distributor.

(o) "Producer-distributor" means a person producing and distributing milk for consumption in this state.

(p) "Producer prices" means prices at which milk owned by a producer is sold in bulk to a distributor.

(2) The department may assign new milk products, not expressly included in one of the classes defined in this section, to the class which in its discretion it determines to be proper.

New Section. Section 3. Policy. (1) The people declare that:

(a) milk is a necessary article of food for human consumption;

(b) the production and maintenance of an adequate supply of heathful milk of proper chemical and physical content, free from contamination, is vital to the public health and welfare;

(c) the production of milk in the state of Montana is an industry affecting the public health and interest;

(d) health regulations alone are insufficient to prevent disturbances in the milk industry and to safeguard the consuming public from inadequacy of a supply of this necessary commodity;

(e) it is the policy of this state to promote, foster, and encourage the intelligent production and orderly marketing of milk and cream, to eliminate speculation and waste, and to make the distribution between the producer and consumer as direct as can be efficiently and economically done;

(f) investigations have revealed and experience has shown that due to the nature of milk, the conditions surrounding the production and marketing of milk, and the vital importance of milk to the health and well-being of the citizens of this state, it is necessary to invoke the police powers of the state to provide constant supervision and regulation of the milk industry of the state at the producer level to prevent the occurrence and recurrence of unfair trade practices within the industry at the producer level;

(g) milk is a perishable commodity which is easily contaminated with harmful bacteria, cannot be stored for any great length of time, and must be produced and distributed fresh daily, and that although the supply of milk cannot be regulated from day to day, due

to natural and seasonal conditions, milk must be produced on a constantly uniform and even basis;

(h) the demand for milk fluctuates from day to day making it necessary that producers and distributors produce and have on hand a surplus of milk so that the consuming public has an adequate supply at all times, and that the surplus must of necessity be converted into by-products of milk;

(i) a milk surplus, though necessary and unavoidable, tends to undermine and destroy the milk industry unless the surplus is regulated;

(j) due to the perishable nature of milk and the conditions surrounding its production and marketing, unless the producers can recover the cost of production, the supply and quality of milk are affected against the best interests of the citizens of this state, whose health and well-being are vitally affected; and

(k) due to the nature of milk and the conditions surrounding its production, the law of supply and demand is inadequate to protect the producer in this and other states, and in the public interest it is necessary to provide state supervision and regulation of the prices paid to milk producers in this state.

(2) The general purposes of [sections 1 through 4] is to protect and promote the public welfare and eliminate unfair trade practices in the milk industry at the producer level.

New Section. Section 4. Establishment of minimum prices. (1) The board shall fix minimum producer prices for class I, class II, and class III milk by adopting rules in a manner prescribed by the Montana Administrative Procedure Act.

(2) The board shall establish prices by means of flexible formulas that bring about such automatic changes in producer prices as are justified on the basis of changes in production costs and supply and demand conditions.

(3) The board shall consider the costs of production and prices in neighboring areas and states to achieve minimum prices that are fair, equitable, and in the public interest.

(4) The board shall, when publishing notice of proposed rulemaking under authority of this section, set forth the specific factors that will be taken into consideration in establishing the formulas and in determining the actual costs of production and state the studies and investigations of its auditors and accountants that will be shown at the hearing, so that all interested parties will have an opportunity to question or rebut them as a matter of record.

(5) The specific factors may include, but are not limited to:

(a) current and prospective supplies of milk in relation to current and prospective demands for milk for all purposes;

(b) the cost factors in producing milk, which include among other things the prices paid by farmers generally, as used in parity calculations of the United States Department of Agriculture, prices paid by farmers for dairy feed, and farm wage rates in this state;

(c) the alternative opportunities, both farm and nonfarm, open to milk producers, prices received by farmers for all products other than milk, prices received by farmers for beef cattle, and the percentage of unemployment in the state and nation as determined by appropriate state and federal agencies; and

(d) the prices of butter, nonfat dry milk, and cheese.

(6) If the board proposes to base a rule establishing or revising any milk pricing formulas upon facts within its own knowledge, as distinguished from evidence which may be presented to it by the consuming public or the milk industry, the board shall include in the notice of proposed rulemaking the specific facts within its own knowledge which it will consider, so that all interested parties will have an opportunity to question or rebut those facts as a matter of record.

(7) After consideration of the evidence produced, the board shall make written findings and conclusions and fix by rule the formula that will be used to compute minimum producer prices for milk in classes I, II, and III.

(8) Each rule establishing or revising a milk pricing formula shall classify milk by forms, classes, grades, or uses the board considers advisable and specify the minimum producer price for each.

(9) The board shall adopt rules after notice and hearing in the manner prescribed by the Montana Administrative Procedure Act to regulate transportation rates which distributors, contract haulers, haulers, and others charge producers for farm-to-plant and, if necessary, interplant transportation of bulk milk.

(10) All bulk milk purchased by a distributor must be purchased on a uniform basis established by the board after the producers and distributors have been consulted.

(11) Upon petition by a cooperative association or ten percent of the affected producers, the board shall hold a hearing to receive and consider evidence regarding the advisability and need for a base or quota plan as a method of payment by a distributor or by all distributors under any pooling plan of producer prices.

(12) Upon petition of a cooperative association or ten percent of the affected producers, the board shall hold a hearing to receive and consider evidence regarding the advisability and need for a marketwide or statewide pooling arrangement as a method of payment of producer prices. The board shall receive and consider evidence concerning production and marketing practices that have historically prevailed statewide. If the board finds that the evidence warrants the establishment of a marketwide or statewide pooling arrangement, the board shall establish one by rule, but the rule is not effective until it is approved by at least half of the producers voting individually or through their cooperative association in a referendum of the affected producers conducted by the board.

(13) The requirements for notices of hearings on the establishment of milk pricing formulas apply to hearings regarding base or quota plans or marketwide or statewide pooling arrangements.

(14) Rules adopted under this section shall be enforced by the department.

Section 5. Section 81-23-103, MCA, is amended to read:

"81-23-103. General powers of the department. (1) the department shall supervise, regulate, and control the milk industry of this state, including the production, ~~processing, storage, distribution, and sale~~ utilization, and purchase of milk ~~sold for consumption~~ only as it pertains to the producers in this state. ~~Nothing in this chapter abrogates or affects the status, force, or operation of any provision of public health laws or the law under which the department of livestock is constituted together with the department of livestock rules, county board of health rules, or municipal ordinances for the promotion or protection of the public health.~~ The department may cooperate with the department of health and environmental sciences, the board of livestock, any county or city board of health, or the department of agriculture in enforcing this chapter.

(2) The department shall investigate all matters pertaining to the production, ~~processing, storage, distribution, and sale~~ utilization and purchase of milk only as they relate to the producers of milk in this state and conduct hearings upon any subject pertinent to the administration of this chapter. The department may subpoena milk dealers, their records, books, and accounts, and any other person from whom information may be desired or considered necessary to carry out the purposes and intent of this chapter and may take depositions of witnesses who are sick or absent from the state or who cannot otherwise appear in person before the department at its offices. The department shall give at least 10 days' notice to the proposed witness. The department may not regulate or control any prices other than producer prices."

Section 6. Section 81-23-105, MCA, is amended to read:

"81-23-105. Testing of milk. (1) For the purpose of determining the value of milk supplied by producers during routine audits of milk processing plants which receive raw milk directly from producers, the department ~~of commerce~~ shall establish a program of testing such raw milk.

(2) The department ~~of commerce~~ may levy an assessment on licensed producers to secure the necessary funds to administer this program. This assessment is in addition to those provided in 81-23-202.

(3) All personnel employed in the sampling and testing program ~~shall~~ must be licensed by ~~the animal health division of~~ the department of livestock.

(4) The department ~~of commerce may~~ shall conduct all types of sampling, grading, and testing techniques which it considers necessary to carry out the intent of this section."

Section 7. Section 81-23-201, MCA, is amended to read:

"81-23-201. Licenses to producers, producer-distributors, and distributors~~, and jobbers.~~ In any market where the provisions of this chapter apply, it is unlawful for a producer, producer-distributor, or distributor~~, or jobber~~ to produce, transport, process, store, handle~~, distribute,~~ or buy ~~or sell~~ milk unless ~~the dealer is~~ properly licensed as provided by this chapter. It is unlawful for a person to buy, ~~sell,~~ handle, or process~~, or distribute~~ milk which he knows or has reason to believe has been previously dealt with or handled in violation of any provision of this chapter. The department may decline to grant a license or may suspend or revoke a license already granted, upon due cause and after hearings."

Section 8. Section 81-23-202, MCA, is amended to read:

"81-23-202. Licenses — disposition of income. (1) A producer, producer-distributor, or distributor~~, or jobber~~ may not engage in the business of producing or selling milk subject to this chapter in this state without first having obtained a license from the department of livestock or, in the case of milk entering this state from another state or a foreign nation, without complying with the requirements of the Montana Food, Drug and Cosmetic Act and without being licensed under this chapter by the department. The annual fee for the license from the department is $2 and is due before July 1 and shall be deposited by the department to the credit of the general fund. The license required by this chapter is in addition to any other license required by state law or any municipality of this state. ~~This chapter shall apply to every part of the state of Montana.~~

(2) In addition to the annual license fee, the department shall, in each year, before April 1, for the purpose of securing funds to administer and enforce this chapter, levy an assessment upon producers~~, producer-distributors,~~ and distributors as follows:

~~(a) a fee per hundredweight on the total volume of all milk subject to this chapter produced and sold by a producer-distributor;~~

~~(b)~~(a) a fee per hundredweight on the total volume of all milk subject to this chapter ~~sold~~ marketed by a producer,

~~(c)~~(b) a fee per hundredweight on the total volume of all milk subject to this chapter ~~sold~~ received by a distributor, excepting that which is ~~sold~~ marketed to another distributor.

(3) The department shall adopt rules fixing the amount of each fee. The amounts may not exceed levels sufficient to provide for the administration of this chapter. ~~The fee assessed on a producer or on a distributor may not be more than one half the fee assessed on a producer-distributor.~~

(4) The asessment upon ~~producer-distributors,~~ producers~~;~~ and distributors shall be paid quarterly before January 15, April 15, July 15, and October 15 of each year. The amount of the assessment shall be computed by applying the fee designated by the department to the volume of milk ~~sold~~ received from producers in the preceding calendar quarter.

(5) Failure of a producer~~, producer-distributor,~~ or distributor to pay an assessment when due is a violation of this chapter and his license under this chapter automatically terminates and is void. A license so terminated shall be reinstated by the department upon payment of a delinquency fee equal to 30% of the assessment which was due.

(6) All assessments required by this chapter shall be deposited by the department in the state special revenue fund. All costs of administering this chapter, including the salaries of employees and assistants, per diem and expenses of board members, and all other disbursements necessary to carry out the purpose of this chapter, shall be paid out of control board moneys in that fund.

(7) ~~The department may, if it finds the costs of administering and enforcing this chapter can be derived from lower rates, amend its rules to fix the rates at a less amount on or before April 1 in any year.~~ The department shall review its rates each year, and if it finds that the cost of administering and enforcing this chapter can be derived from lower rates, amend its rules within 6 months to fix the rates at a lesser amount."

Section 9. Section 81-23-203, MCA, is amended to read:

"81-23-203. Application for licenses. An applicant for license to operate as a producer, producer-distributor, or distributor~~, or jobber~~ shall file a signed application upon a blank prepared under the authority of the department, and ~~an applicant shall state~~ include facts concerning his circumstances and the nature of the business to be conducted which in the opinion of the department are necessary for the administration of this chapter. The application shall certify the applicant to be the holder of all licenses required by the department of livestock for the conduct of his business or, in the case of milk entering this state from another state or a foreign nation, to be in compliance with the requirements of the Montana Food, Drug, and Cosmetic Act. The application shall be accompanied by the license fee required to be paid."

Section 10. Section 81-23-402, MCA, is amended to read:

"81-23-402. Reports of dealers — accounting system — records. (1) The department may require licensees to file with it reports at reasonable or regular times ~~which the department may require,~~ showing the licensee's production, sale, or distribution of milk and any other information considered necessary by the department ~~necessary~~ which pertains to the production, sale, or distribution of milk, either under oath or otherwise~~, as the department may direct. Failure or refusal to file a report when directed to do so is grounds for the revocation of the license and is a violation for which the licensee may be fined as provided by this chapter, one or both, at the discretion of the department.~~

(2) The department shall adopt a uniform system of accounting to be used by the distributor to account for the usage of all milk received by the distributor.

(3) A distributor and a producer-distributor shall keep:

(a) a record of all milk, cream, or dairy products received, detailed as to location, names and addresses of suppliers, prices paid, deductions or charges made, and the use to which the milk or cream was put;

(b) a record of the quantity of each kind of milk or dairy product manufactured ~~and the quantity and price of milk or dairy products~~ or sold;

(c) a complete record of all milk, cream, or dairy products sold, classified as to kind and grade, showing where sold~~, and the amount received in payment~~;

(d) a record of the wastage or loss of milk or dairy products; and

~~(e) a record of the items of handling expense;~~

~~(f) a record of all refrigeration facilities sold for storage purposes to any person, showing types, sizes, and location of the facilities and the original or duplicate original of all agreements covering sales for them;~~

~~(g)~~(e) other records ~~which~~ the department considers necessary for the proper enforcement of this chapter."

Section 11. Section 81-23-405, MCA, is amended to read:

"81-23-405. Violations made misdemeanors - penalties. (1) A person who knowingly or purposely produces, sells~~, distributes, or handles milk in anyway,~~ for sale or buys milk from a producer, except as a consumer without a license from the department as required by this chapter or who violates a lawful rule of the department or board is guilty of a misdemeanor punishable by a fine not exceeding $600. Each day's violation is a separate offense.

(2) The district courts have original jurisdiction in all criminal actions for violations of this chapter and in all civil actions for the recovery or enforcement of penalties provided for in this chapter. ~~All of those actions, both criminal and civil, shall be tried in the district court.~~

(3) The county attorneys~~, in their respective counties,~~ shall diligently prosecute all violations of this chapter."

New Section. Section 12. Repealer. Sections 81-23-101, 81-23-102, 81-23-106, and 81-23-302 through 81-23-305, MCA are repealed.

New Section. Section 13. Codification. Sections 1 through 4 are intended to be codified as an integral part of Title 81, chapter 23, MCA, and the provisions of Title 81, chapter 23, MCA, apply to sections 1 through 4.

New Section. Section 14. Severability. If a part of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

New Section. Section 15. Extension of authority. Any existing authority of the Board of Milk Control, the Department of Commerce, or the Department of Livestock to make rules on the subject of the provisions of this act is extended to the provisions of this act.

New Section. Section 16. Effective date. This act is effective January 1, 1987.

Complete Text of INITIATIVE NO. 105

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MONTANA:

Section 1. Declaration of policy.

(1) The State of Montana's reliance on the taxation of property to support education and local government has placed an unreasonable burden on the owners of classes three, four, six, nine, twelve, and fourteen property, as those classes are defined in Title 15, ch. 6, part 1.

(2) The legislature's failure to give local governments and local school districts the flexibility to develop alternative sources of revenue will only lead to increases in the tax burden on the already overburdened property taxpayer.

(3) The legislature is the appropriate forum to make the difficult and complex decisions to develop:

(a) a tax system that is fair to property taxpayers; and

(b) a method of providing adequate funding for local government and education.

(4) The legislature has failed in its responsibility to taxpayers, education, and local government, to relieve the tax burden on property classes three, four, six, nine, twelve, and fourteen.

(5) The people of the State of Montana declare it is the policy of the State of Montana that no further property tax increases be imposed on property classes three, four, six, nine, twelve, and fourteen.

Section 2. Property tax limited to 1986 levels.

(1) Except as provided in subsections (2) and (3), the amount of taxes levied on property described in 15-6-133, 15-6-134, 15-6-136, 15-6-139, 15-6-142, and 15-6-144 may not, for any taxing jurisdiction, exceed the amount levied for taxable year 1986.

(2) The limitation contained in subsection (1) does not apply to levies for rural improvement districts, Title 7, ch. 12, part 21; special improvement districts, Title 7, ch. 12, part 41; or bonded indebtedness.

(3) New construction or improvements to or deletions from property described in subsection (1) is subject to taxation at 1986 levels.

(4) As used in this section, the "amount of taxes levied" and the "amount levied" mean the actual dollar amount of taxes imposed on an individual piece of property, notwithstanding an increase or decrease in value due to inflation, reappraisal, adjustments in the percentage multiplier used to convert appraised value to taxable value, changes in the number of mills levied, or increase or decrease in the value of a mill.

Section 3. Contingent effective date.

(1) Except as provided in subsection (2), this act is effective July 1, 1987, and applies to taxable year 1987.

(2) This act will not become effective if, prior to July 1, 1987, an act is passed and approved that:

(a) states that it is being enacted in response to this initiative;

(b) reduces property tax on a statewide basis on property described in 15-6-133, 15-6-134, 15-6-136, 15-6-139, 15-6-142, and 15-6-144; and

(c) establishes alternative revenue sources to replace revenue lost to local governments, school districts, the university system, and other property taxing jurisdictions as a result of the reduced property taxes.

JIM WALTERMIRE
Secretary of State
Montana State Capitol
Helena, MT 59620

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