

TAXATION COMMITTEE
45TH LEGISLATURE

This committee meeting was called to order by Rep. Herb Huennekens, Chairman, at 8:00 a.m., March 7, 1977, in room #434, Capitol Building, Helena. All members of the committee were present except Reps. Robert Sivertsen and John Vincent. Bills to be heard were Senate Bills 79, 137, 181.

Senator Pat Regan, District #31, Yellowstone County, sponsor of SB 79, explained this bill will allow a private individual who drives a car which uses diesel fuel to not be required to file the quarterly reports dealing with diesel fuel since they pay the tax at the diesel pump. This phases Montana law in tune with what is already being done. The department of revenue wants this as much as the individual because it relieves them of the burden of handling all the reports now required.

SENATE BILL 79

Norris Nichols, Administrator of the Motor Fuels Tax Division, is in favor of this bill. He said automobile manufacturers are making about 200,000 motor vehicles a year using diesel fuel. When you buy diesel fuel, dealers will show when it is purchased in bulk and the Motor Fuels Division can check on this.

Gas tax is a license tax, but diesel tax is a use tax. Truckers have to file these reports yet. The average miles per gallon is figured and the tax is applied to that figure. Either the dealer or the user can report the tax.

Senate Bill 137, sponsored by Senator William Mathers, District #26, Custer County, was explained by Norris Nichols. This bill waives the requirement for a monthly tax return by a special fuel user if his total tax liability is less than \$100 a year. He recommended striking out the \$10 per month tax liability, and making it \$100 or less. If the fuel tax is over \$100, it would have to be reported monthly, and if under \$100 it could be reported annually. There could be a penalty of \$25 for not making a report.

SENATE BILL 137

Users can be checked by the dealers' returns. The department can go back 5 years and audit any person's books. Because of bond requirements, it is difficult to go to quarterly reports rather than monthly. A bond has to be posted if over a \$10 tax liability per month is due. Bonds are all written on an annual basis, and the minimum is \$500 or twice the monthly tax. One bond will cover all of a person's vehicles. The department is now handling over 120 reports that have a \$10 tax liability.

Senator Mathers, sponsor of Senate Bill 181, requested Norris Nichols to explain this bill which allows out-of state persons using special fuel vehicles solely for recreation or for religious, charitable, educational, or other eleemosynary purposes to secure a special fuel users' "courtesy" vehicle permit at points of entry at no cost to them. Mr. Nichols thinks this is good public relations.

SENATE BILL 181

43 - March 7, 1977

Page 2

The committee recessed to an executive session.

After a great deal of consideration and discussion, Rep. Harrington moved that HOUSE BILL 198 DO PASS. He further moved that HB 198 be amended to 7.5% on 40%, or a 3% tax on gross proceeds, and that effective date of 1976 be inserted. Motion carried with Rep. Waldron voting No; Reps. Hirsch and Sivertsen were absent.

Rep. Dassinger moved amendment #1 suggested by the DOR be adopted. There were no Noes. Rep. O'Keefe moved to recommend amendment #2 suggested by the DOR be adopted. There were no Noes. Rep. Harrington's motion of Do Pass was changed to AS AMENDED DO PASS. Rep. Waldron voted No; Reps. Hirsch, Sivertsen were absent. Motion carried. The approved amendments to HB 198 can be found in the Standing Committee Reports in Book #1.

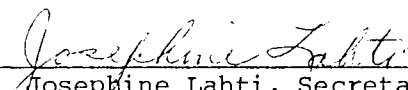
SENATE BILL 79 - Rep. Fabrega moved that SB 79 BE CONCURRED IN. There were no Noes. Motion carried.

SENATE BILL 181 - Rep. Dassinger moved that SB 181 be recommended BE CONCURRED IN. He further moved to amend page 2, line 9, by deleting "eleemosynary". This motion failed 4-10. Rep. Fabrega moved that "eleemosynary" be deleted and "philanthropic" be inserted. Motion failed. The original motion of SB 181 BE CONCURRED IN was adopted.

Meeting adjourned at 10:00 a.m.



REP. HERB HUENNEKENS, CHAIRMAN



Josephine Lahti, Secretary