

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 21, 1977

The ninth meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Mathers at 8:05 a.m.

ROLL CALL: Roll call found all members present.

The following witnesses were present:

Joe Crosswhite	Oper. Engineers & WETA
Larry A. Tobiason	Mont. Auto Assoc.
Earl Moritz	Hiway Users & Mont.Auto
James M. Beck	D. H.
Lloyd Lockrem, Jr.	Sen. Dist. 32
Ken Haag	City Eng. Ct. of Billings
Roy Rye	City Alderman, Billings
Rod Wilson	Billings Cham. of Comm.
Morris Nichols	Dept. of Rev.
Dean Zinnecker	Mt. Assoc. of Counties
Larry Huss	Mont. Contractors Assoc.
Dan Mizner	League of Cities & Towns
Dan J. Allan	Mont. Petr. Assoc.

CONSIDERATION OF SENATE BILL 61: Sen. Lockrem presented his bill and said the 1 1/4% increase he proposes would do much to help cities and towns in the state do much needed construction and repair of their streets. He said the increase would greatly alleviate present problems of some of the cities in Montana. Exhibit #1 was then distributed with brief testimony presented by Diana Dowling who explained there had been an error in the bill's drafting. Mr. Crosswhite was a proponent of the bill and following his testimony that the construction would help the engineers, thereby also helping unemployment problem in the state, Mr. Moritz then spoke and expressed his concern that the distribution of such tax moneys go into actual street and road use. Further testimony was heard from Mr. Beck, followed by Mr. Haag, who distributed copies of Exhibit #2, attached. Mr. Rye, Mr. Wilson and Mr. Mizner all agreed with the previous testimony, stressing the fact that cities are in need of funds to help with the streets and said that Special Improvement Districts are difficult to get approved by voters, especially with property taxes being as high as they are at present. Mr. Huss appeared also in support of the bill and said that the improvements not only help the cities themselves, but the construction gives the economy a much needed boost.

Mr. Zinnecker also stated his basic approval but said that counties too are in need of funds and said that he favored a 56.7-43.3% split of such funds. He distributed Exhibit #3, attached.

Chairman Mathers then called for other proponents or opponents and there being none, permitted Sen. Lockrem to close. He

stated that although the greatest percentage of Montana citizens would of course not want an increase in gas tax, he thought that all of them would opt for improved city streets and roads. Several questions were then asked of the witnesses; Sen. Turnage questioned having the increase also include diesel fuel. A number of questions were posed to the witnesses and discussion on the disadvantages of creating SID's in some of the cities that were in financial trouble.

Chairman Mathers invited committee members to pursue the questioning and Roger Tippy referred to the codes in relation to new forms of city government and how they were empowered by the law to tax city residents for such improvements. Mr. Allen also spoke briefly and said the association would not oppose the tax but hoped the committee if they passed the bill, would set the figure at either 1/2 or a whole cent because of the difficulty in computing the 1/4¢ tax. Following this discussion, the Chairman concluded testimony on SB61.

Chairman Mathers asked the committee to please consider taking action on two bills previously heard, SB65 and 66.

DISPOSITION: Sen. Turnage proposed two amendments to his bill, SB65. The amendments were discussed and were accepted by the committee. Sen. Turnage then Moved the Amendments be Adopted. motion was seconded by Sen. Healy and motion carried.


Sen. Turnage then Moved SB65 As amended, Do Pass. The motion was seconded by Sen. Manning. A roll call vote was taken and the motion carried 9-0. Note the absence of Sen. Brown during the voting.

Sen. Watt then Moved SB66 Do Pass. There was no second to this motion.

Then followed a discussion on SB66, by the bill's author, Sen. Towe, and the committee. Sen. Turnage stated his concern in giving Indian tribes the designation as 'local government units' and distributed copies of a map and a memorandum from the Dept. of Rev., expressing their concern with the future of taxing tribes in the state. This is Exhibit #4, attached. Sen. Towe indicated he would be willing to propose alternative legislation which would tax tribes dollar for dollar on coal mined on the reservation, and, anticipating difficulties with taxing the state's tribes in the future, agreed to work on such legislation in the hope of a compromise solution.

DISPOSITION: Sen. Towe then Moved to Pass SB66 For the Day. Motion was seconded by Sen. Brown; the motion carried.

ADJOURN: Meeting was then adjourned with Sen. Norman making the motion, seconded by Sen. Manning.


WILLIAM MATHERS CHAIRMAN

ROLL CALL

SENATE TAXATION COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date 1/21/77

NAME	PRESENT	ABSENT	EXCUSED
SEN. WATT	✓		
SEN. BROWN	✓		
SEN. GOODOVER	✓		
SEN. HEALY	✓		
SEN. MANNING	✓		
SEN. NORMAN	✓		
SEN. ROSKIE	✓		
SEN. TOWE	✓		
SEN. TURNAGE	✓		
CHAIRMAN MATHERS	✓		

Each day attach to minutes.

COMMITTEE

61

VISITORS' REGISTER

1/21/77

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOSE
Joe Barsanti	Oper. Engineers WETA	61	XX	
Stan A. Sobrason	Montana Auto Assoc.	61	-	
Ed. M. ...	Highway user & Montana	61	-	
James M. Cook	DOH	61	-	
W. J. Locken, Jr.	Senate Dist 32	61	X	
Ken Hargis	City Engineer City of Billings	61	X	
Roy Rye	City Alderman Bagg.	61		
Ed. ...	Billings Member of Commerce	61	X	
James ...	D & R.			
Morris ...	Dept of Ag.	61		
...	Hel. Assoc. of Cos.	61		asst
...	Mont. ...	61	XX	
Robert ... Mizner	Cities & Towns	61		
...	Montana Petroleum Assoc.	61		

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

Ex #1



HOUSE MEMBERS

ROBERT L. MARKS
CHAIRMAN

FRANCIS BARDANOUVE

OSCAR KVAALEN

PAT MC KITTRICK

ROSE WEBER
EXECUTIVE DIRECTOR

ELEANOR ECK
ADMINISTRATIVE ASSISTANT

ROBERTA MOODY
DIRECTOR, LEGISLATIVE SERVICES

SENATE MEMBERS

CARROLL GRAHAM
VICE CHAIRMAN

CHET BLAYLOCK

GLEN DRAKE

FRANK HAZELBAKER

DIANA DOWLING
DIRECTOR, LEGAL SERVICES,
CODE COMMISSIONER

ROBERT PERSON
DIRECTOR, RESEARCH

Montana Legislative Council

State Capitol

Helena, 59601

(406) 449-3064

January 10, 1977

TO: Senate Committee on Judiciary
FROM: Senator Lloyd Lockrem
RE: Amendments to Senate Bill No. 61

That Senate Bill No. 61 be amended as follows:

1. Amend title, line 6
Following: "SECTIONS"
Strike: "84-1832.1"
Insert: "84-1847"

2. Amend page 1, section 2, line 11
Following: "Section 2."
Strike: line 11 through line 7 on page 2 in their entirety
Insert: "Section 84-1847, R.C.M. 1947, is amended to read as follows:

"84-1847. Gasoline license tax--amount. Every distributor shall pay to the state department of revenue a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to one cent (1¢) for each gallon of aviation gasoline, which shall be allocated to the aeronautics commission, as provided by section 1-501, R.C.M. 1947, as amended, and ~~seven-and-three-quarters-cents-($\$$ -073/4)~~ 9 cents for each gallon of all other gasoline distributed by him within the state and upon which the gasoline license tax has not been paid by any other distributor. Gasoline exported or sold for export out of the state of Montana shall not be included in the measure of the distributor's license tax."

EXH #2

CITY OF BILLINGS DEPARTMENT OF ENGINEERING

KEN HAAG, P.E., CITY ENGINEER

ELDON J. ICKES, P.E.
Assistant City Engineer

NORMAN K. GUTCHER, P.E.
City Traffic Engineer

P. O. Box 1178

Billings, Montana 59103

Phone 406-248-7511

January 18, 1977
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State of Montana Senate
Taxation Committee
State Capitol
Helena, Montana

Dear Sirs:

I am here this morning to testify on SB 61. The bill would increase the amount of gas tax proceeds that the City of Billings would receive by approximately \$627,376 annually; from the present total of \$488,124.96 to approximately \$1,115,500.

As a legislative body your first concern on a bill such as this is, do the cities in this State need this increase and secondly can the cities actually utilize this funding?

In the City of Billings the answer to both questions is a resounding "yes". The City of Billings presently has under its jurisdiction 288.727 miles of streets and 103.968 miles of alleys. Of this total amount approximately 30 miles of arterials and collectors are in serious need of improvement. Although most urban reconstruction projects cost approximately \$500,000 per mile many of the problems that we face are going to be more expensive. The total reconstruction program for the City of Billings would be approximately \$40,000,000. We realize that we are not going to be able to do this total program all at once, but the time is past due that we at least make a decent start on the problem.

To most people in the City of Billings the worst part of their driving trip is on the City streets. In the year 1976 it is estimated that there were 706,650 vehicle miles traveled daily in the City limits and an additional 268,850 miles daily within the urban limits. It is estimated that the average trip length in the urban area is 3.2 miles so the number of people affected by poor City streets, in total, amounts to about one-fourth of the entire State population daily. Our present projections call for this daily VMT to increase to 819,293 by the year 1980 and to 1,546,464 by the year 2000 inside the City limits. As with any

VH. #3

HIGHWAY SUMMARY

Mileage By System *

State System	Rural Mileage	12,161.366
	Municipal Mileage	312.170
County System Mileage		63,291.908
Municipal System Mileage		2,166.888
Total All Systems	Rural Mileage	75,453.536
	Municipal Mileage	2,479.058

*(Source: Montana Road Log, Department of Highways, 1973)

Vehicle Miles By System * (In Millions)

State System	Vehicle Miles on Rural	3,426.850
	Vehicle Miles on Urban	85.000
Vehicle Miles on County Rural		34.000
Vehicle Miles on Municipal		617.000
Total Vehicle Miles	Rural	4,268.850
	Urban	1,105.000

Average miles traveled per gallon of fuel consumed = 12.07

*(Source: "Highway Statistics, 1972" Dept. of Transportation - U.S.)

Conclusion (In Millions)

Total Gallons of Fuel Used on State System	Rural (65.7%)	83,507
	Urban (8.5%)	17,105
Total Gallons of Fuel Used on County System	Rural (15.8%)	71,207
Total Gallons of Fuel Used on Municipal System	Urban (12.0%)	13,204

56.7% of the fuel used on local roads is used on county roads

43.3% of the fuel used on local roads is used on municipal roads.

SENATE COMMITTEE TAXATION

Date 1/21/77 Sen Bill No. 65 Time 9:15 a.m.

NAME	YES	NO
SEN. WATT	✓	
SEN. BROWN	<i>absent</i>	
SEN. GOODOVER	✓	
SEN. HEALY	✓	
SEN. MANNING	✓	
SEN. NORMAN	✓	
SEN. ROSKIE	✓	
SEN. TOWE	✓	
SEN. TURNAGE	✓	
CHAIRMAN MATHERS	✓	
	9	0

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: Moved SB-65 As Amended
DO PASS

9-0 Vote Carried

(include enough information on motion—put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

January 21

19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 65

Respectfully report as follows: That SENATE Bill No. 65,

introduced bill, be amended as follows:

1. Amend page 1, section 1, line 25.

Following: "in"

Insert: "unincorporated territory or"

2. Amend page 2, section 1, line 9.

Following: line 8

Insert: "(4) The exemption provided under this section may not be extended to any property owned by a community service organization described herein which is leased to any person for business or profit-making purposes."

AND AS SO AMENDED,

DO PASS

PC

STANDING COMMITTEE REPORT

..... January 25 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 118

Respectfully report as follows: That SENATE Bill No. 118,

introduced bill, be amended as follows:

1. Amend title, line 10.

Following: "1947"

Insert: "; and providing an effective date"

2. Amend page 3, section 2, line 1.

Following: "Section 2."

Insert: "There is a new section which reads as follows:"

3. Amend page 3, section 3, line 12.

Following: "June,"

Insert: "or within 15 days of receipt of notice of assessment, classification, or reappraisal"

4. Amend page 3, section 3, line 13.

Following: "therefor."

Insert: "The state tax appeal board may, for good cause, extend the date for filing the application."

AND AS SO AMENDED,
DO PASS

PA