

MINUTES OF THE MEETING
HIGHWAYS AND TRANSPORTATION COMMITTEE
MONTANA STATE SENATE

February 8, 1977

The eighth meeting of the Highways and Transportation Committee was called to order by Chairman Manning on the above date in Room 404 of the State Capitol Building at 9:30 a.m.

ROLL CALL: Senator Lockrem was excused, Senator Healy arrived at 9:35 and Senator Smith arrived at 9:43. All other members were present.

The following witness was present to testify:

Norris Nichols

Department of Revenue

Chairman Manning said that he had to leave the committee and Vice Chairman Aber would be taking the chair for the day.

CONSIDERATION OF HOUSE BILL 82: Representative Paul Pistoria, chief sponsor of the bill, testified that the purpose of this bill was to change the wording of the law with regards to the use of free plates given to totally disabled Veterans, and to add clarification. Representative Pistoria submitted information from the Veterans Administration that illustrated the problem. (Attached #1) As an example of the problem with the present wording of the law, one Veteran who had a 1975 Oldsmobile and a \$33,000 motor home to be taxed at \$900, used his allowed free plates for the motor home instead of a passenger vehicle and paid only \$35 or a 1% personal property tax on the motor home. HB 82 would change 'motor vehicle' to passenger automobile or truck up to three-quarter ton GVW capacity. This would solve the problem that the county assessors have with the vague wording of the present law.

Senator Graham noted that the language "up to" three-quarter ton GVW capacity would not allow the three-quarter ton trucks to come under this law. Senator Graham asked Representative Pistoria if he had desired to allow the three-quarter ton trucks to come under his bill. Representative Pistoria answered that it was his intention to allow the three-quarter ton trucks.

Senator Graham asked Mr. Jim Beck of the Department of Highways if the language of the present bill would preclude the three-quarter ton trucks. Mr. Beck responded that it would make the intention clearer by adding "and including" after the words "up to".

Vice Chairman Aber asked Bob Person, committee researcher, if the language was clear. Mr. Person responded that the added words "and including" would pin down the ambiguity that he and Senator Graham had discussed prior to the meeting.

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Senator Etchart moved that HB 82 be amended by inserting the words ", and including," after the words "up to" on page 1, title, line 6; page 1, section 1, line 20; and page 2, section 2, line 6. Senator Graham seconded the motion. The motion to amend carried unanimously with Senators Lockrem and Manning absent.

DISPOSITION OF HOUSE BILL 82: Senator Graham moved that House Bill 82 be concurred in as amended. Senator Bergren seconded the motion. The motion carried unanimously with Senators Manning and Lockrem absent.

CONSIDERATION OF HOUSE BILL 205: In the absence of Representative Bardanouve, chief sponsor of the bill, Mr. Norris Nichols, Department of Revenue, testified that Representative Bardanouve had introduced this bill at his request. HB 205 was introduced to clarify the gas tax refund law with regard to the second option. The law now allows for the filing of returns requesting tax refunds for both highway and off-highway tanks. The problem is that both tanks are not required to be located on the claimant's property, thereby allowing the use of retail fuel. In eastern Montana some of the claimants keep one tank on their property for off-highway use and then buy from a retail dealer for commuting and claim the use of the retail pump as their second tank. Mr. Nichols said that he has been denying such claims since he has been administrator, but that the language of the law needs to be clarified.

Mr. Nichols also said that another bill has been introduced to take care of the problem in a bit different way. Senator Dover introduced SB 114 which passed the Senate and is now in the House Committee on Agriculture. SB 114 would allow the second tank to be a retail pump. SB 114 and HB 205 are similar in their clarification of the law, but SB 114 goes one step further by adding another section which allows the buying of retail gas to qualify for the second tank and the tax refunds.

Senator Etchart commented that it shouldn't matter whether or not the tank is located on the claimant's property. There are key pumps at some of the dealers' pumps which meter the gas bought to a certain account. A person might need to commute several miles across the prairie from town and should be able to have one pump in town. Mr. Nichols responded that there were not many key pumps in operation. Option 3 requires the detailed record keeping that the pump meters would help solve, but option 2 does not require such detailed record keeping.

Senator Etchart commented that he thought his operation used option 1, and asked if that would be affected by this bill. Mr. Nichols answered that only option 2 is affected by this bill. He further added that either SB 114 or HB 205 should be killed.

Vice Chairman Aber asked Mr. Nichols to point out to the committee the advantages and disadvantages of the two bills.

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Mr. Nichols noted that Senator Dover's bill clarifies the two tank provision requiring both tanks to be located on the claimant's property. It later goes on to allow refunds for all gas used for non highway use, including that bought at retail pumps. Representative Bardanouve's bill, on the other hand, says if you use option 2, that both tanks must be located on the property of the claimant.

Senator Graham asked if option 2 forced the claimant to include all of the mileage with his request for refund. Mr. Nichols answered that with option 2 no mileage has to be kept. Today we are operating on a system originally proposed by Representative Bandanouve which allows a 45% rebate for the first 1000 gallons, a 60% rebate for 1000 to 2000 gallons, a 65% rebate for 2000 to 3000 gallons, a 70% rebate for over 3000 gallons. Option 2 is for those with two tanks, but the department often sends those back to the claimant if they are not filed under option 2 correctly and puts them automatically on option 1, straight percentages. Senator Dover's bill would allow the use of two tanks if both were located on the claimant's property. It goes one step further, and says when the claimant buys fuel retail and keeps records of those purchases, a full refund can be claimed for the bulk tank when the claimant sends the purchase records to the department along with the mileage. The choice between the two bills is up to the committee, but Mr. Nichols reminded the committee that when another option is opened, the state will end up refunding more money.

Representative Bardanouve testified to the committee that he had introduced this bill at the request of Mr. Nichols. This bill addresses the problem directly, and nothing more can really be added to Mr. Nichols' testimony.

Vice Chairman Aber asked Mr. Nichols if he had anything more to add to the testimony. Mr. Nichols responded that there is no need for both bills, and the department can live with either bill the committee sees fit to pass.

Vice Chairman Aber asked which bill would result in the most bookkeeping for the rancher. Mr. Nichols answered that there would be less bookkeeping for the rancher with Senator Dover's bill than there is now filing under option 3. Vice Chairman Aber noted that it had been his experience that the less bookkeeping there was for the ranchers, the better they liked it.

Mr. Nichols commented that about 93% of the filings are now under option 1 with about 1800 under option 2. Of those filed under option 2, about 1/3 are accepted by the department and the rest are denied under option 2 and put under option 1. Most of those filing under option 2 were honest people, but clarification of the law is needed.

Senator Smith asked if option 2 would be allowed under SB 114.

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Mr. Nichols answered yes, that SB 114 does practically the same thing that HB 205 does in addition to adding section 3.

Senator Graham asked for a clarification in the differences between the two bills. Mr. Nichols responded that SB 114 does what HB 205 does, then adds another section which says if you keep records and present them with the bulk invoices when you file for refund, in addition to showing the number of miles traveled, all of the bulk tank gas is available for refund. Representative Bardanouve's bill only says that both tanks must be located on the claimant's property.

Senator Graham asked if the filings that Senator Dover would allow are now allowed. Mr. Nichols answered no, that now proper sales records must also be kept under option 3. Senator Dover is simplifying that process.

Senator Graham commented that the simpler the record keeping process, the better it was. Most of the ranchers can keep the records, but problems arise with their hired hands.

Mr. Nichols noted that Montana now has one of the most simple gas refund laws in the country. Some states allow gas refunds only for agricultural use, while Montana allows all industrial use in addition to boats.

Senator Hazelbaker suggested that being there was no hurry necessary on House Bills that the committee take no action until SB 114 is disposed of in the House. Mr. Nichols concurred.

DISPOSITION OF HOUSE BILL 205: Senator Hazelbaker moved that no action be taken on HB 205 for the time being until the House acts on SB 114. Senator Hager seconded the motion. The motion carried unanimously with Senator Etchart, Senator Lockrem and Senator Manning absent.

Senator Healy asked where Senator Dover's bill originated. Mr. Nichols responded that he was not aware of the bill until shortly before it was introduced and had been informed that Senator Dover's constituency had some problems with the present law.

ADJOURNMENT: There being no further business, the meeting was adjourned at 10:15 a.m.


LARRY ABER, VICE CHAIRMAN

COMMITTEE

HB 82 HB 205

REGISTER

2/8/77

[illegible]

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

STANDING COMMITTEE REPORT

February 8, 1977

MR. President

We, your committee on HIGHWAYS AND TRANSPORTATION

having had under consideration HOUSE Bill No. 82

Respectfully report as follows: That HOUSE Bill No. 82, third reading (blue), be amended as follows:

1. Amend title, line 6.
Following: "to"
Insert: ", and including,"
2. Amend page 1, section 1, line 20.
Following: "to"
Insert: ", and including,"
3. Amend page 2, section 2, line 6.
Following: "to"
Insert: ", and including,"



~~DO PASS~~
AND AS SO AMENDED, BE CONCURRED IN.



VETERANS ADMINISTRATION
CENTER
FORT HARRISON, MONT. 59636
December 4, 1975

Gerald H. Merritt
417 26th Ave. N.E.
Great Falls, MT 59404

IN REPLY
REFER TO:

436/27

Dear Mr. Merritt:

In response to your request, the following information is furnished to assist you in applying for tax benefits under the provisions of Sections 84-301 and 53-106.8, RCM 1947.

This is to certify that Gerald H. Merritt, C-13663653 is rated 100% disabled for a service-connected injury or disease by the Veterans Administration. This rating is permanent and was made by the Veterans Administration on 1-4-71.

Sincerely yours,

M. F. Bleskey
M. F. BLESKEY
Veterans Services Officer

*1975 GMC
MOTOR HOME
ASSESSED 17500 loan value
App tax 1% \$3500 regular 900*

CASCADE CO. ASSESSOR
RECEIVED
JAN 9 1976
BY _____

*also owns
1975 Olds
Paid sales
Tax on*

FI-27-3

UNITED STATES OF AMERICA,)
State of Montana) ss.

I, FRANK MURRAY, Secretary of State of the State of Montana, do hereby certify that the following is a true and correct copy of HOUSE Bill No. 105, Chapter No. 33, Montana Session Laws of 1975, enacted by the Forty-fourth Legislature of the State of Montana, approved by Thomas L. Judge, Governor of said State, on the seventh day of March, 1975, and effective July 1, 1975.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the great Seal of said State.

Done at the City of Helena, the Capital of said State, this tenth day of March, 1975.

Frank Murray

Frank Murray
Secretary of State

CHAPTER NO. 33
MONTANA SESSION LAWS 1975
HOUSE BILL NO. 105

AN ACT TO AMEND SECTION 53-106.8, R.C.M. 1947, TO REPLACE THE WORD "AUTOMOBILE" WITH "MOTOR VEHICLE".

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

Section 1. Section 53-106.8, R.C.M. 1947, is amended to read as follows:

"53-106.8. Free license plates to disabled veterans. Any person who is a veteran of the armed service of the United States and permanently and totally disabled because of an injury which has been determined by the veterans administration to be service connected, and who is a citizen and resident of the state of Montana, and who is the owner of a motor vehicle, shall be provided with free license plates upon payment of personal property tax equal to one per cent (1%) of the taxable value for the motor vehicle upon proof of permanent and total service connected disability."

H.B. 105 JAN. 29, 1977
SAT 2nd reading
Passed 86-0

Pickups
or Passenger cars.

Disabled Vets
Vehicle

Should be
Passenger car or Pick up truck