

Subcommittee meeting on House Bill 63.

HOUSE TAXATION COMMITTEE

46th Legislature

Representative E.N. Dassinger, chairman of the subcommittee for House Bills 63 and 64, called the meeting to order in Room 434 at 8:30 a.m. January 16, 1979. Representatives Vicki Johnson and Jay Fabrega were present as subcommittee members. Other persons in attendance were James R. Beck, Chief R/W attorney, Jim Manion, Montana Automobile Association; Leslie J. Simkins of the Governor's Office; Randy McDonald, Staff Attorney.

There can be no non-diversion stipulation of any funds derived from a 1¢ tax on gasoline. Mr. Beck recommended that a tax be put on at a date certain, and make the proposed additional tax expire at a certain date. This would make for a gas tax of 8¢ plus an additional tax of 1¢ per gallon with an expiration date on the 1¢ tax.

Rep. Fabrega wants no diversion of funds collected from the additional 1¢ tax - they are to be applied entirely to a trust fund for matching federal money for the construction of the interstate highway. He also wants to look at a proposed gas tax bill which would be used for funding the highway patrol.

Mr. Beck sees a problem of trying to segregate out a fund certain to fund interstate matching money. Mr. Simkins advised it would be better to have such a fund earmarked through appropriations. Figures for interstate budget are about \$3 million.

Rep. V. Johnson asked if funds in the highway department couldn't be juggled around to come up with enough to fund the interstate matching funds required. Mr. Simkins advised existing programs would have to be cut if funds were juggled. Johnson asked if the cut could be made for a couple of years? Mr. Simkins advised that with the heavy snow this year and other maintenance operation expenses and the fact that the gas tax income is dropping with expenses going up (increasing price of crude, chemical products, etc), if primary and secondary and other miscellaneous programs were cut, problems with primary and secondary systems would accelerate. Secondary system is very vital to those using those roads. He stated they do not want to be in the position of not being able to match federal funds which are \$1.4 billion and can be used by any state having matching funds, projects ready to go and all rights necessary to start a project having to do with interstate system.

There is no effective date for matching funds - they normally need 90 days lead time. Rep. Fabrega suggested that the ending date for the 1¢ additional proposed tax be 1983, thereby giving the program 4 years.

It was brought out that highway patrol funding is not a diversion of highway funds - it is constitutionally mandated that highway funds can be used to fund highway safety programs. It takes 3/5 approval of both houses of the legislature to enable change in allowance of use of funds mandated under the constitution.

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Members of the highway department were asked to attend another subcommittee hearing on January 17, 1979, to provide additional information.

Meeting adjourned at 9:00 a.m.

E. N. Dassinger
REPRESENTATIVE E. N. DASSINGER
Chairman for subcommittee

Josephine Latti
Secretary