

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 16, 1979

The fourth meeting of the Senate Taxation Committee was called to order on above date in Room 415 of the State Capitol Building by Chairman Turnage.

ROLL CALL: Roll call found all members present.

The witnesses who were present are listed on the attached Visitors' Register.

CONSIDERATION OF SENATE BILL 58: Senator Severson was sponsor this bill which was a request of the Department of Revenue. Sen. Severson said the bill addresses the problem of evaporation and allowance for this and other losses which gasoline distributors receive. The Department wished to look at it and wondered if this deduction goes on down the line to retailers. The senator then introduced Norris Nichols of the Motor Fuels Division of the Department, who further explained the bill. He stated the 2% presently allowed decreases tax collections by \$616,311, and of this total 10 of the major oil companies' taxes are reduced a total of \$524,000. He said the loss is computed at the time of the first sale by the oil companies; the loss is handed on down the line to consignee, distributor, retailer and eventually, down to the consumer, resulting in increased cost of gasoline at the pumps.

Chairman Turnage asked for additional proponents of the bill and there being none, permitted opponents to testify. First to testify was Marvin Beck of the Intermountain Oil Marketers Association. Mr. Pate, an Exxon distributor in Helena also spoke, saying approximately 2,000 gallons for every 1 million gallons handled are lost to evaporation and/or shrinkage.

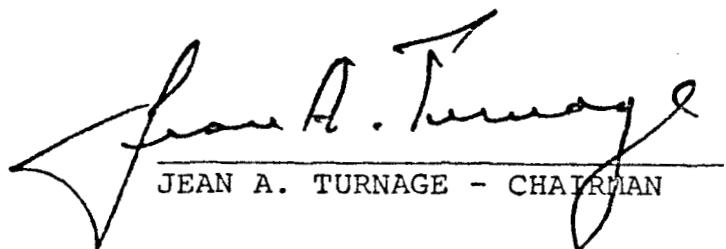
Following their testimony questions were permitted by committee members and there was considerable discussion during which members computed the actual cash lost by the shrinkage and evaporation. They questioned if the 2% that is allowed at present would not be greater than the actual loss. Sen. Watt observed that there would seem to be two questions: whether the discount is too high and also if the right people are getting it.

There followed a discussion on the effect temperatures have on volume of gasoline, how cold weather reduces volume and warm weather increases it. Mr. Coffee and Mr. Allan both testified and answered some of the questions of the committee. After considerable discussion it was established the gas tax law was written in 1969, amended in 1971 and the tax has been a law since that time.

The Researcher, Terry Cohea, was asked to find if all the distributors are paying the same tax from invoices, and other pertinent information.

Chairman Turnage summarized briefly: The committee before taking any action on the bill would first - determine whether 2% of 6¢ is equitable to the state, and second - whether those people who really suffer the loss are getting credit.

Following this discussion the meeting was adjourned.



JEAN A. TURNAGE - CHAIRMAN

Date Jan. 16 - '79

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.

COMMITTEE ON

DATE

Jan. 16

TAXATION

VISITORS' REGISTER

SEN. BILL S.

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Warren G. Beck	T. C. M. 17	58		
Womos Mechols	Dept of Revenue	58		
Ralph H. Coffey	v	58		
Tex Tate	TOMA	58		
Don Allen	Mont. Petrol. Assoc	58		